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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION

GRAHAM SOFTWARE CORP.

IDEA CORP.

CANADIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

THURSDAY, MAY 28, 1987



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Barlow, W. W. (Cambridge PC)

Callahan, R. V. (Brampton L)

Cousens, W. D. (York Centre PC)

Epp, H. A. (Waterloo North L)

Mancini, R. (Essex South L)

Philip, E. T. (Etobicoke NDP)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitution:

Dean, G. H. (Wentworth PC) for Mr. Cousens

Clerk: Arnott, D.

Staff:

Malcolmson, P., Research Officer, Legislative Research Service

ERRATUM

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| P-61 | P-7 | 18 | Mr. Graham: I would just like to conclude with some questions that |
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LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, May 28, 1987

The committee met at 10:08 a.m. in room 151.

ORGANIZATION

Clerk of the Committee: Honourable members, it is my duty to call upon you to elect a chairman. Are there any nominations?

Mr. Gillies: I place in nomination the name of Mr. Runciman. I believe Mr. Runciman has served this committee very well as chairman for a period of some months now, and I feel he would continue to do excellent work on our behalf if he were to assume the position again.

Mr. Epp: If Mr. Runciman is prepared to serve with the same skills as before and not to ask for any additional remuneration, which he has received in the past, then I am prepared to second it.

Clerk of the Committee: Are there any other nominations?

Mr. Philip: On behalf of the New Democrats, we are prepared to endorse the nomination of Robert Runciman for chairman.

Clerk of the Committee: There being no further nominations, I declare Mr. Runciman duly elected as chairman of the committee.

Mr. Philip: Don't expect your next election to be that easy.

Interjection: That is a low blow.

Mr. Chairman: Ed's in-laws live in my riding, and they have already committed themselves to voting for me.

Interjections.

Mr. Philip: I can tell you they are not committed to voting for one Brian Mulroney again; so if there is a carryover to you--

Mr. Chairman: Thank you for the vote of confidence. I appreciate the kind words. I was really expecting the motion to come from Mr. Pope. Thank you very much.

We will now open up the floor to nominations for the position of vice-chairman.

Mr. Barlow: I would be prepared to place in nomination the name of the member for Brantford, Mr. Gillies.

Mr. Chairman: Mr. Gillies has been nominated, seconded by Mr. Smith. All in favour? Carried.

Mr. Gillies: I think the record should note that a vice-chairman does not get paid.



Mr. Chairman: Moving on with the agenda, I see the motion for a subcommittee.

Mr. Philip moves that a subcommittee on agenda and procedure be established, comprising the following members: Mr. Runciman, chairman; Mr. Gillies; Mr. Epp; and Mr. Philip; that the said subcommittee meet from time to time at the call of the chair to consider and report to the committee on the business of the committee; that the subcommittee's powers include the power to schedule business, to call witnesses and to review certain documents at the request of the chairman; that the subcommittee must present its reports to the full committee for adoption; that substitution be permitted on the subcommittee; and that the presence of all members of the subcommittee is necessary to constitute a meeting.

Motion agreed to.

Mr. Chairman: On the next item of business, the draft Graham report, it is the recommendation of the subcommittee--we met earlier this week--that we should deal with this initially in camera. Do any members have any concerns about dealing with the draft report in camera?

Mr. Epp: I understand this is traditionally done. I think it is the right approach to use, and I would so concur.

Mr. Pope: Before we go in camera, I want to give notice of a motion. I will not even speak to it; I will just tell you what it is.

Mr. Chairman: Go ahead.

Mr. Pope: I just want to give notice that next week, at the next sitting of this committee, I will move a motion for a Speaker's warrant for the Biddell report, for the independent audited statements of the IDEA Corp. for the financial year ended March 31, 1986, and for a copy of the report of the audit services branch of the Ministry of Industry, Trade and Technology with respect to the administrative expenditures of the IDEA Corp., commissioned by Mr. Kruger. As well, I will ask for a Speaker's warrant for the obtaining of Ontario Provincial Police reports with respect to the Wyda matter, which now sit in the hands of the Solicitor General (Mr. Keyes) and the Attorney General (Mr. Scott).

Mr. Chairman: All right. We have received that notice of motion from Mr. Pope, which we will deal with next week. Now we should have a motion to--

Mr. Philip: Since we have a week to consider it, may I ask Mr. Pope a question?

Mr. Chairman: I will allow a question from each caucus. I do not want this to get into a debate so we get off the schedule, but I will allow one question from each caucus.

Mr. Philip: Is it your intent then that the OPP reports be dealt with in camera?

Mr. Pope: I am willing to listen. Whatever is the wish of the committee members is fine with me.

Mr. Chairman: Mr. Epp, did you have a question?



Mr. Epp: No; except I would like a copy of this.

Mr. Chairman: Of the motion?

Mr. Epp: Of the motion.

Mr. Chairman: Fine. We will provide that.

The committee continued in camera at 10:15 a.m.

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#### ORGANIZATION

Mr. Chairman: Can we come to order, please?

Mr. Gilles moves that the 1987-88 budget of the committee, in the amount of \$91,972, be accepted and that the chairman present the budget to the Board of Internal Economy for their approval.

Motion agreed to.

Mr. Chairman: Can we have a motion that the standing committee on public accounts attend the ninth annual conference of the Canadian Council of Public Accounts Committees in Quebec City in July 1987 and that the chairman and the clerk of the committee be directed to make the necessary travel arrangements?

Mr. Philip: Do I take it that included in that motion is that since there is a session for researchers as well as clerks, we will have at least one of our researchers accompanying the committee?

Mr. Chairman: Yes, that is a safe understanding.

Mr. Philip: I think it is useful to have the researcher who is assigned to the committee to go to the convention.

Mr. Chairman: We still do not have a mover for that motion.

Mr. Wildman: I will move the motion.

Mr. Chairman: Mr. Wildman moves that the standing committee on public accounts attend the ninth annual conference of the Canadian Council of Public Accounts Committees in Quebec City in July 1987 and that the chairman and the clerk of the committee be directed to make the necessary travel arrangements.

Motion agreed to.

Mr. Chairman: That wraps it up.

One final thing about our agenda for next week. We have the convert-to-rent people scheduled; we have been postponing them and postponing them. We now have Mr. Pope's notice of motion; I am not sure how long that will take.

How should we deal with the Graham draft in terms of what we have been talking about today? Do we want to defer the other matters for another week,

and try to, in whatever time we have after Mr. Pope's notice of motion, deal with the Graham Software report again?

Mr. Philip: If we have booked witnesses, we should stick to that schedule for the convert-to-rent program and get that out of the way.

Mr. Chairman: The clerk advises me that those witnesses are not booked or confirmed. This was for a different schedule we had.

Mr. Gillies: Once we get into a notice of motion, and I think everybody knows how long that is going to take, we could have witnesses here who could not get on. I wonder if we might be better advised to do the notice of motion, do some more work on the Graham report, and then try to get to convert-to-rent in the subsequent week.

Mr. Chairman: The clerk reminds me that we also have to have some discussion about whether we want to retain counsel for a legal opinion in terms of the possible conflict of interest of Cannon and Douglas.

Are we agreed that is what we will do next week and then look at convert-to-rent the following week?

Interjections: Agreed.

The committee adjourned at 11:38 a.m.



STANDING COMMITTEE ON PUBLIC ACCOUNTS

FUND-RAISING  
IDEA CORP.  
ORGANIZATION

THURSDAY, JUNE 4, 1987

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Barlow, W. W. (Cambridge PC)

Callahan, R. V. (Brampton L)

Cousens, W. D. (York Centre PC)

Epp, H. A. (Waterloo North L)

Mancini, R. (Essex South L)

Philip, E. T. (Etobicoke NDP)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Grier, R. A. (Lakeshore NDP) for Mr. Wildman

Hart, C. E. (York East L) for Mr. D. W. Smith

Clerk: Arnott, D.

Staff:

Malcolmson, P., Research Officer, Legislative Research Service



LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 4, 1987

The committee met at 10:09 a.m. in room 151.

FUND-RAISING

Mr. Chairman: Come to order, please. We were waiting for you, Mr. Philip.

Mr. Gillies: Before you get into the agenda, I wonder if I might give notice of motion for something we could debate next week if the committee agrees. The motion will read as follows:

"In light of the information that has come forward this past week with respect to the personal fund-raising activity being undertaken by the Minister of Health (Mr. Elston) and his staff, I move that the standing committee on public accounts investigate the member for Huron-Bruce's June 15 fund-raiser to determine if public funds with respect to resources and staff time have been expended inappropriately."

Mr. Chairman: We will take that as notice. It will give me an opportunity to consult with the Office of the Clerk with respect to that and attend to that motion as well.

IDEA CORP.

Mr. Chairman: The first item on our agenda is a notice of motion by Mr. Pope. I trust all members have a copy of that in front of them and have had an opportunity to read it.

The only concern--and I am not going to comment beyond this--is that in the past the procedure followed by various standing committees when requesting the authorization of the House for the issuance of a warrant has been that the committee would communicate with the individual or individuals on at least two occasions and have two refusals in front of them. I understand that has been the procedure in the past. We have not followed that procedure up to this point. I am laying that on the floor, and whatever the committee decides is the appropriate course of action, so be it.

Mr. Pope: Many members of this committee received copies of the motion yesterday in the Legislature. I would like to very briefly--and I will be brief--review the substance of the motion.

First of all, with respect to the Biddell report, on the first day of the last session, October 14, 1986, the Minister of Industry, Trade and Technology (Mr. O'Neil) announced that he had asked Jack Biddell to initiate a thorough and complete review of the entire IDEA Corp. portfolio.

Members will know that the IDEA portfolio has been the subject of two specific investigations by this committee, and a number of questions about the IDEA portfolio, in general terms, have been raised with this committee.

On page 2416 of Hansard, on that date, October 14, 1986, the minister

indicated that he had requested Mr. Biddell to complete his report "as quickly as possible."

Our understanding of the Biddell report was that it was to be a complete review of the entire IDEA portfolio and that it was to be made public. In fact, Mr. Biddell was provided with funding to engage outside consultants, counsel and auditors in the preparation of his report.

During the estimates of the Ministry of Industry, Trade and Technology in December, this matter was raised by members reviewing the estimates of the ministry. They were told that a report was basically complete. That was in December 1986. There was a request made by the members examining the estimates of the ministry, and they were told in December that the report was basically complete and that when Mr. Biddell returned from his holidays in a week or so it would be finalized. Then we heard nothing further.

Again, this matter was raised in this committee's examination of the Graham Software matter and, in fact, the Provincial Auditor's report on Graham Software contained an excerpt from the Biddell report, dated February 1987, some four months ago. They signed a date to it, February 1987, and it was referred to in the Provincial Auditor's report. Again, it was raised in this committee in that context.

It has been eight months since this study was announced, and we still have not seen the report or the costs associated with producing it. We feel there is no doubt about it; the Biddell report is complete and is not being released. We think it is time for the government to release this report, so we can review what has been going on in the IDEA Corp. portfolio.

I reiterate, on two different occasions it has been requested by members of this Legislative Assembly and it has been raised in the Legislature in questions addressed to the Minister of Industry, Trade and Technology (Mr. O'Neil) on two different instances by myself personally.

Second, the ministry has not released IDEA's financial statements for the year ended March 31, 1986, and for the period ended June 30, 1986. In the auditor's report it says that draft financial statements were to be reviewed by the former directors and senior officials of the corporation on November 4, 1986, and there was a subsequent meeting on May 2, 1987. According to the Provincial Auditor's office, the delay is coming from the Ontario Development Corp., which did not agree with the independent auditor's valuation of IDEA and its eight subsidiaries.

The minister has been promising, in the Legislature and in committee, to release the financial statements for months now, and the delays continue. A letter was sent to my colleague the member for Sarnia (Mr. Brandt) in response to his request. It is from the Minister of Industry, Trade and Technology to Mr. Brandt, dated April 10, 1987. It says:

"When you asked during estimates"--and I was there when the questions were raised--"about the probable date for the June 20, 1986, financial statements of the IDEA Corp., I felt they would be ready about mid-April. It now appears that the preparation of these statements has taken longer than anticipated. However, the draft statements are now virtually complete and will be considered at a meeting of the former IDEA Corp. board in early May. I therefore want to let you know that it is expected that the final statements will be available during the second week of May.

"Yours sincerely, Hugh P. O'Neil."



The third item is the internal detailed audit of administrative expenditures. Mr. Kruger, as we heard in our examination or questioning of him in August and September 1986, indicated that he had had the audit services branch of the Ministry of Industry, Trade and Technology conduct a detailed audit of the administrative expenditures of the corporation with respect to the months preceding its dissolution. The report has been completed since last October. We know that. But it has never been released to the public.

I think the fact that Mr. Kruger had this audit done indicates his belief or his concern, if I can put it that way, that there was some misuse of public funds in the operation of the IDEA Corp.

These three matters are very important matters relating to the work of this committee. These are matters out of the IDEA portfolio, which has been, quite frankly, the main work of this committee for over a year; first, with respect to Wyda and, second, with respect to Graham Software. I think we are entitled to a full and complete disclosure by the government.

You know as well as I do that when the audited statements of the various agencies of the government were produced in the spring of the year, there was no audited financial statement in that report for IDEA Corp. It was missing. Granted, the government, to give it some credit, wanted to have a full and complete audit done, but I think it has had long enough to complete that work. When we are waiting for a release of those financial statements and the other reports for a May 2 meeting of the former board of the IDEA Corp., I think this committee and the Legislature is entitled to more proper and immediate disclosure of information than we have been given by this government.

The next point is with respect to the Ontario Provincial Police investigation of Wyda. There is extensive public record of the IDEA investment in Wyda, going back to the sittings of this committee. I want members to recall, I will say it now, that in camera in late August and early September, I indicated on a number of occasions to the members of this committee that I was concerned enough that I was considering calling for an OPP investigation then. As things unfolded, we were promised a full and complete audit, a forensic audit, of the Wyda Systems corporation, particularly in view of the IDEA Corp. investment in it. It was a unanimous motion of this committee to have that forensic audit done, and it was because some of us could not accept the veracity of some of the documentation and some of the statements that were being made to us. We could not accept it; it did not make sense; and in a spirit of unity or camaraderie in this committee, even the Liberal Party members said, "Okay, in order to satisfy your concerns, we are prepared to go with a forensic audit."

1020

The government did not give us a forensic audit. It did not even give us an audit. What it did was have a financial review prepared. That financial review did not allow for a detailed audit to take place, and it was only after Wyda went under, virtually, and when people started to move in and more closely examine the records and the books of this corporation, that Mr. MacKinnon came before us in camera and indicated that there could have been both substantial overvaluation of assets and perhaps some misrepresentation of some of the financial statements, or some of the numbers contained in the financial statements, of Wyda Systems and that the matter was being turned over to the OPP.

I reiterate that this committee talked about the OPP investigation as

far back as late last August. It is clear that the OPP has had the transcripts of our deliberations on this matter. It is clear that they have had full and complete access to all of the documentation available from a variety of sources. It is clear that they have engaged in the questioning of people we questioned, and others, with respect to this matter.

Suddenly, six weeks ago, we could get no further information from the Ontario Provincial Police as to the status of its investigation and when it would be completed.

We made the inquiries, and we are talking about not only an OPP investigation but also something this committee had concerns about more than a year ago. We are talking about something this committee talked about, in camera and in public, during its deliberations on the Wyda matter, and we still have no answers from the Ontario Provincial Police. This matter has been raised countless times in the Legislature and in this committee--the status of the OPP investigation and when it was to be completed.

I had conversations with the chairman, Mr. Runciman, from time to time about the ongoing status of the OPP investigation. We have tried to make direct contact so that we could be as fair as we can on this matter, but we are convinced it is time this committee, which originally investigated the Wyda Systems matter, have a full and complete report from the OPP, because we are talking about more than \$3 million of the taxpayers' money that seems to have been misused and is no longer available to the public. It is gone. It is a waste of \$3 million of the taxpayers' money.

Mr. MacKinnon, representing the government itself, indicated there was enough information to warrant an OPP investigation. Now, when we cannot get details of that OPP investigation, when we are met with stonewalling in the Legislature from the Solicitor General (Mr. Keyes) and the Ministry of the Attorney General, who refuse to answer our questions or give us an update, I think we are entitled to an explanation, as the standing committee on public accounts, over something that we initiated, an investigation that we caused to happen because of our deliberations and the information we were able to obtain about the waste of \$3 million of the taxpayers' money. Basically, that is the reason I am moving this motion.

Mr. Callahan: Being the new boy on the block, I suppose I am not as familiar with a Speaker's warrant as perhaps many of the members who have been here for a longer period of time. I would like to ask those more experienced people: Is the Speaker's warrant resorted to at the first instance, or does it require that there be evidence led, other than perhaps just statements made by individual members, to indicate that all efforts have been made, and probably more important, as to whether or not any of the documents that are going to be lumped into a Speaker's warrant exist or have been completed?

I was looking for it in the standing orders. I do not see anything in the standing orders about it.

The Vice-Chairman: I will try to be of some assistance. If you look at the guide, Standing Committee Procedure, which you probably do not have with you, under the section referring to witnesses, the clerk of the committee informs me that anything I read here with regard to witnesses also pertains to documents. It is persons or things.

I can read it to you briefly: "Persons called to appear before a committee of the House should be invited by the committee upon a motion being adopted by the majority of the members of the committee."



"When a committee has made a decision with respect to the persons whom it wishes to appear before it as witnesses, it is the responsibility of the clerk of the committee to contact each person by telephone or in writing to invite such person to attend the meeting specified by the committee. Such an invitation is usually adequate to secure the attendance of a witness." Both of these points can also refer to the requiring of a document.

This is the paragraph I think most directly speaks to your concern: "Should a person refuse to appear or not reply to the invitation of the clerk of the committee to appear, it is the responsibility of the clerk of the committee to advise the committee accordingly. If the committee, after considering the invitation a second time, is of the opinion that the attendance of the person is necessary to assist the committee during its consideration of its order or reference, it should, on motion, instruct the clerk of the committee to contact the person to again request his appearance. If the person does not reply to the invitation, refuses to appear or declines to appear at the time specified by the committee, the clerk of the committee should advise the committee."

It goes on in that same vein and then the manual also says, "On occasion, the House has authorized, in advance, the Speaker to issue his warrant or warrants at the request of a committee which is sitting during an adjournment of the House or when the House is in recess." I am sorry; I missed a paragraph.

Mr. Mancini: We did not notice.

The Vice-Chairman: We are not in recess yet. I am sorry; this is the more germane paragraph: "Upon being advised that a person again refuses to appear"--this is after the second request of the committee--"the committee may decide not to proceed further or it may adopt a report to the House which sets out the circumstances and requests that the House authorize the Speaker to issue his warrant to compel the attendance of a person before the committee. A committee does not have power to 'subpoena' or to compel a witness to attend. Only the House has that power."

With regard to witnesses, it is saying, Mr. Callahan, that if after the second invitation there is either no reply or a refusal, this committee can then request of the Speaker that a warrant be issued and I am to understand that this applies to the issuance of documents as well as the appearance of witnesses.

Mr. Philip: I have an amendment that I think deals with Mr. Callahan's concern. I share his concern. I think we should ask for the documents first before we issue a warrant. I do not want to cut off Mr. Callahan.

Mr. Callahan: I understand what you are saying but there is more to it than that. It seems to me that if you use the analogy of a witness to a document, surely you would have to have evidence, one, of a refusal or a failure to respond, and two, you would have to be satisfied that the person who is alleged to have refused or failed to reply exists. I use that analogy with reference to documents. Surely, before one resorts to a Speaker's warrant, under the terms of reference you read, one would have to be satisfied that the documents exist, or in the alternative, that they are complete and that there has been a refusal.

I listened to Mr. Pope very closely. I also listened, however, to the

questions and answers he has received in the House and he asks for a whole bunch of things in his motion. Dealing with some that were requested yesterday from the Solicitor General (Mr. Keyes), it is my understanding the Solicitor General's answer--I am not clear which one he was referring to--was that they were not complete, that there were still some witnesses to be examined and so on. To me, that does not constitute a refusal or a failure to reply. In that respect, it seems to me it does not fit within the terms of the standing orders.

1030

The whole purpose of this is to say that if we are going to make a decision here on Mr. Pope's motion holus-bolus, and if the reality of it is that it is simply going to be made on a vote basis or a political basis, the risk that we run, I suggest, is that we capriciously resort to the use of a Speaker's warrant, which I would hope would be sacrosanct enough that we would use it only in the appropriate circumstances.

As I have said, without the groundwork being laid, other than Mr. Pope's inference or interpretation of what has taken place, by some evidence to indicate, first of all, that these reports are completed and that they are in a state in which they could be turned over, or in the case of the OPP investigations, that they have been completed; and that is probably even more significant, because I am sure no member of this Legislature wants to, in any way, shape or form, interfere with the effective conduct of an investigation by the OPP by perhaps requiring disclosure of evidence in advance of the completion of the investigation. I think I speak for all members in that regard. I would surely think that would be the responsible approach we would all take as members and set aside our partisan and political reasons for requiring it until that is done.

Dealing first with those, my understanding of the Solicitor General's answer in the Legislature yesterday was that, at least with reference to one if not more of these investigations, they are ongoing. There are still considerable witnesses in at least one of them still to be interviewed. Certainly with reference to that, it should be deleted from the notice of motion until we have some evidence before us--and I hope Mr. Pope is not suggesting that the minister, in responding in the House, is not stating the accurate facts--that we have evidence before us that there was a refusal, because in my view that is not a refusal. He gave information to Mr. Pope that would leave any reasonable person who was not looking for other than information in order to deal effectively, as a member of this committee, with the statement that it was not a refusal, but that the reports were not yet completed.

Dealing with some of the other items, I noted that he read a letter from the Minister of Industry, Trade and Technology (Mr. O'Neil) stating that one of the reports--I cannot recall which one he said it was--would be ready in mid-May. Do we have evidence before us that this is a refusal, or is there some reason--perhaps the incompleteness of the document or perhaps some other item--that would render it not yet ready? I would suggest that is not a refusal either. It simply says mid-May. Perhaps Mr. Pope, if he wishes, should canvass in the appropriate place why, with the letter having said mid-May, it is not available yet; but I still say that is not a refusal. I suggest that any responsible steps by this committee, quite apart from the political partisanship, would be to make certain that is determined not to be a refusal and therefore that should be withdrawn from Mr. Pope's motion.



With reference to the Biddell statements of IDEA Corp., I understand Mr. Pope said that Mr. Biddell was on holidays. I am sorry?

Mr. Pope: In December.

Mr. Callahan: Has there been, and this may go to Mr. Philip's amendment, an effort to determine why Mr. Biddell's report has not been forthcoming, or perhaps it is not complete? I do not know.

Again, I do not know how one could construe any of these items as a refusal or a--what was the other word, Mr. Chairman?

The Vice-Chairman: Refuse to appear or not reply to the invitation of the clerk.

Mr. Callahan: Okay, if you analogize that to documents, I do not know how any reasonable people could construe that as a refusal or a failure to comply since there has in fact been no request and no refusal.

The long and short of it is that I am sure that these documents, when they are available, would be turned over to this committee in appropriate fashion.

Mr. Philip: Santa Claus may come in July.

Mr. Callahan: You may find that amusing, but I am sure that will be the case. For us to exercise what I think are the extraordinary remedies that should be reserved for only the clearest cases and where groundwork has been laid to demonstrate that the conditions necessary for it--the refusal or the failure to reply--have been satisfied, if we do that, I suggest, Mr. Chairman, that unless this has been done in the past--and as I say, I am the new boy on the block--we will, in fact, be setting a precedent for future committees, not just this committee, to immediately resort to a Speaker's warrant.

If we are doing it for political partisan purposes, we will taint the Office of the Speaker and the Speaker's warrant with simply political partisanship. I, for one, if I were a taxpayer and a voter of this province, would have some concern about whether that extraordinary remedy is one that is treated lightly or it is treated with responsibility. That is all I have to say, Mr. Chairman.

Mr. Philip: Mr. Chairman, I can accept some of the comments of Mr. Callahan. Therefore, after consulting with Mr. Pope, rather than go through the gyrations, which get very complicated, of moving amendments to Mr. Pope's motion, I am going to move a new motion, which I think will incorporate what Mr. Pope wants and, I hope, incorporate some of the concerns that Mr. Callahan wants.

I have not had a chance to write it all out, so I am hoping that, with the help of the clerk, together we will get it all and Hansard will be able to get it all down. I would move that--

Mr. Chairman: We already have a motion on the floor.

Mr. Philip: Mr. Pope has indicated that he will withdraw his motion for a substitute motion.

Mr. Epp: On a point of order, Mr. Chairman: Mr. Pope has not

indicated that. In fact, he just finished placing his motion before the committee. For Mr. Philip to say that Mr. Pope has withdrawn, that is not on record and just because they talk privately the odd time, there is no notice to the committee that he, in fact, has withdrawn. Mr. Philip should not try to mislead this committee by saying it has been withdrawn when in, fact, it has not been withdrawn.

Mr. Chairman: I was absent. I am not sure what transpired, but--

Mr. Philip: Fine. If the Liberals want to play political games, then I will go through the long process of amending Mr. Pope's motion. If they want to waste the time--

Mr. Chairman: Perhaps we can resolve this without getting into one of our infamous hassles, Mr. Epp, if I can make a proposal here. If Mr. Pope is willing to withdraw his motion on the basis that the remaining members of the committee will agree to deal with Mr. Philip's motion this morning, I think he would probably be prepared to do that. Are we in agreement with that process?

Mr. Epp: We have a motion before us and this motion has not been withdrawn. What we do need is, if Mr. Pope wants to withdraw his motion, then Mr. Philip can give the notice of motion for next week.

Mr. Pope: This is why I kept my mouth shut. I knew that was coming.

Mr. Epp: Mr. Chairman, to be fair, this has been the procedure that has been followed by this committee even since I have been on it. I am told this has been a tradition of this committee for a good number of years. Mr. Philip and Mr. Pope are both aware of that tradition. It has been a tradition that they have supported verbally on this committee on a number of occasions and I am just--

Mr. Cousens: But when there is unanimous support from the committee--

Mr. Mancini: There will not be unanimous consent.

Mr. Epp: --asking that we hold to that particular tradition, particularly since this is an important matter. If we want to deal with it frivolously, as some people are suggesting, then I suggest we become very responsible on this matter because it is a very responsible thing.

Mr. Philip: Obviously we do not have unanimous consent. I am going to move an amendment. What it means is that we are going to waste a lot of time. Of course, the Liberals then want to play their silly games, even though, in fact, in substance my motion will be essentially the same as Mr. Pope's.

Mr. Mancini: Put your motion on the table and stop lecturing everybody the way you always do. So sanctimonious. You are not the only one in here who has any concerns. Every week we hear the same thing.

Mr. Philip: Your only concern is to see that this committee does not get--

Mr. Mancini: We are all here and we are waiting to hear what--

Mr. Chairman: Let us get back to order.



Mr. Philip: Go back to Windsor and intimidate the poor hospital administrators to contribute--

Interjections.

Mr. Chairman: Let us have some order or we will have to adjourn. I am not going to put up with this prolonged haranguing. Mr. Philip, make your amendment and get it on the floor, please.

Mr. Philip: Mr. Chairman, I move the following amendment to Mr. Pope's motion, that before the word--

Mr. Mancini: Excuse me, Mr. Chairman. It has been brought to my attention that my colleague--

Mr. Chairman: Is this a point of something, Mr. Mancini?

Mr. Mancini: On a point of order, Mr. Chairman, privilege or whatever.

Interjection.

Mr. Mancini: Yes, we will get it on the record. My friend the member for Etobicoke said I should go back to Windsor and--what was the word?

Mr. Callahan: And intimidate more constituents to contribute to your campaign.

Mr. Mancini: --and intimidate more constituents to contribute to my campaign.

Mr. Philip: I said the hospital administrators; I did not say constituents.

Mr. Mancini: I have never done that. Maybe you would want to withdraw that.

Mr. Philip: No, I do not intend to withdraw that.

Mr. Callahan: intimidation is a regrettable word, Mr. Philip. It certainly does not raise the status of the member.

Mr. Mancini: I am not surprised.

Mr. Gillies: If we are going to be very sensitive this morning, I heard Mr. Epp a few minutes ago say that Mr. Philip was misleading the committee. I think it may be time for us all either to get a grip on our tempers or let us just have a good round of withdrawals from everybody concerned.

Mr. Epp: Mr. Chairman, with respect to that, Mr. Philip said that--

Mr. Chairman: Order. No, no, no. I am not going to let this continue. This is standard around here. I want Mr. Philip to make his amendment and then we can get on with the debate instead of this.

Mr. Philip moves that the following words be inserted before the word "that" in Mr. Pope's motion, "that the chairman of the standing committee on

public accounts forthwith request the production of the following documents to the clerk of the committee by June 15, 1987, for the use of the committee: the Riddell report on IDEA investments, the independent audited statements of IDEA Corp. for the financial year ended March 31, 1986, the report of the audit services branch of the Ministry of Industry, Trade and Technology with respect to the administrative expenditures of the IDEA Corp., commissioned by Mr. Kruger; and that he request the commissioner of the Ontario Provincial Police, or his designate, to present in camera the interim or final reports or recommendations with respect to either matter that have been or are now in the possession of the Ministry of the Solicitor General or the Ministry of the Attorney General.

Furthermore, failing the production of these documents or the appearance of the commissioner or his designate with the appropriate documents before the committee by June 15, that the chairman of the standing committee on public accounts report to the House requesting" and then it simply goes on as Mr. Pope has it in his motion.

Mr. Philip: Mr. Chairman, if I may speak to my amendment, it seems to me that the completion of the work of this committee on these matters has been greatly hampered by the constant promises of the production of documents which we have not received.

I have been in this House on numerous occasions when the excuse given to a committee that was doing a legitimate investigation was that the OPP was doing investigations. The problem with OPP investigations is that the charges may or may not be laid and, in fact, that the kinds of issues that must be decided for criminal charges may in fact be different than the kinds of questions and the kinds of issues that need to be done by a political committee or committee of the Legislature.

I find the delays inexcusable. I can accept that perhaps there is a possibility that the OPP may be in the process of laying some criminal charges. I would not want us to get in the way of any police investigation. That is why I have moved that the commissioner have an opportunity to present any evidence in camera and any arguments he may wish to give as to why any or all of that evidence should or should not be released to the public.

No one on this committee, and I am sure Mr. Pope as a lawyer, is certainly probably the least, would be in any way interested in interfering in a police investigation. Therefore, in presenting this information in camera and in listening to the comments of the commissioner or his designate, we would be able to be in a position to be sensitive to any police needs in this regard.

I think that this should satisfy the concerns posed by Mr. Callahan, if the concerns were exactly as expressed. Therefore, I am sure that the motion as amended will receive the unanimous support of the committee.

Mr. Cousens: I am impressed at the patience that has been shown by Mr. Pope and other members of this committee who have waited as long as they have for this information to be tabled. I believe that the original motion addresses the intent that this committee should have as a public accounts committee, that is to have open government. I do not think that we want to even let the public perception to go on that we are not dealing with these important matters expeditiously and in a proper way.

I think what Mr. Pope was trying to do with his original motion was



truly to give this the urgency the whole situation had. It touches on the whole confidence of the system, if there is going to be some kind of coverup. The fact that Mr. Pope is being such a nice guy is really almost too much for me to take.

Mr. Callahan: You are really stretching credibility.

Mr. Cousens: Again and again he has been willing to be patient. I would have to say that I would be prepared to support this amendment only if this committee is then prepared--assuming that we do not have it by June 15, and assuming that a Speaker's warrant has to be issued--to continue to give this the highest priority as a committee and deal with this as a first item of business before this House adjourns. Who knows? I think that we are faced with the fact that the government might say, "Hey, this is getting too hot," and might adjourn the House early. So we are giving them a further reason to just put this in the pot.

Mr. Callahan: We are ready to sit all summer.

Mr. Cousens: I think we are dealing with a very fundamental problem of confidence in the government. One of the reasons that the government members are opposed to this is that they are afraid. They do not want it to be made public. They do not want to deal with the truth. They want to deal with just a lot of little things that are not made public.

Mr. Gillies: Under the rug, they want it.

Mr. Cousens: That is why it is imperative that this committee allow this data to become public, so that we can deal with it in an intelligent, honourable way.

So I reluctantly support the motion by Mr. Philip, only in as much as it allows us to proceed towards the goal of at least finding out what has been going on here. It has to be tabled. It has to be done quickly and urgently. I trust that this committee will now, once this is passed, deal with it as a very important priority item of business.

Mr. Mancini: I was told that when the honourable member used to give sermons on Sundays the love offerings he received were at least triple what any other minister would receive in the same church, and now I can see why.

Mr. Cousens: We did very well.

Mr. Epp: I thank you for the opportunity to address this very important subject. If I were to take seriously what has just gone on by the previous speaker, I would be left with the distinct impression that when he came into this room he was intent upon voting against his own colleague's motion, but because of the eloquence of the member for Etobicoke he has now been persuaded to support that motion and the amendment.

Mr. Callahan: He has some swamp land for sale too I think.

Mr. Cousens: On a point of order, I think that it is obvious the honourable member has not been listening. I was going to support the motion as prepared by Mr. Pope. For you to get that idea, I just want to correct the minutes accordingly. I mean he has obviously not been listening with both ears.

Mr. Chairman: Thank you for that clarification.

1050

Mr. Epp: I want to draw to the attention of the committee the very importance of the motion and then I want to address the amendment too. That is that we have before us a motion which is asking for a Speaker's warrant, which is a most serious and unequivocally a very important matter. I think it is probably one of the most important matters that has ever come before the committee. It has come before us on one other occasion in the last few years, but it is not something that happens frequently. So we have to make sure that when we are dealing with a matter of this nature, that we know the severity and the importance of it.

Second, as my colleague stated earlier, when we are asking for information, we have to be assured that particular information--particularly through a Speaker's warrant--is available. If we are going to deal with the various matters that are before us, I want to say first of all, with regard to the Biddell report, that Mr. Biddell has, as we know, been ill. Therefore, he was not in a position to complete the report. He was asked to add a number of matters to that report. We know that he could not complete the report so quickly and I do not think it should be up to this committee to say to a very distinguished public servant of this province, a person who has served different governments of different political stripes, "You have to, on this date, provide your report and, come hell or high water, we want that report, whether it is complete or not, before this committee."

I think it is more incumbent on a committee of this nature, particularly a standing committee on public accounts, to say, "We are prepared to wait for that report, but we want to make absolutely sure that the report is complete." I think that is the more responsible tack to take; that is the more responsible action to follow. As I indicated, Mr. Biddell will give that report to us at the first opportunity he has, but we must give this person, who carries with him the respect and esteem of every Ontarian, the opportunity to complete this report. Therefore, I cannot urge him to do an important report of this nature in haste, as has been recommended.

We are dealing with an independent, audited statement of Innovation Development for Employment Advancement Corp. for the financial year ending March 31, 1986. With respect to this matter, the member for Sarnia (Mr. Brandt), I understand, has been notified by the ministry that, in fact, they are working on this report; that not all directors have signed the report. Until the directors have signed the report, there is no way we can get it before it has been fully signed, because, unless it is signed, the report does not mean that much to us because we do not know whether it is complete.

Again, the signature on that report indicates that is what the IDEA Corp., these people, who have served the previous government and this government for a good number of years and were appointed by the previous government, I might say, stand behind the report. Until that report is signed, I would not want it before the committee and I am sure no other honourable member would want it before these people who are with the IDEA Corp., are prepared to stand behind the report. That is, in essence, what that signature means.

With respect to the report of the audit services branch of the Ministry of Industry, Trade and Technology, this is an internal report. The honourable members know that these reports, as in the last 100 years of this province, have not always been made public; in fact, usually have not been made public. Whether this will occur in this instance, I am not at pleasure to say, but it



is something we have to keep in mind. It is these precedents that have been set over a good number of years, particularly with the previous government, and it is something we could not ignore.

With regard to the last item, we know that this matter has been raised in the Legislature on a number of occasions. It was raised again yesterday. It was raised last week and it was raised prior to that. The Ontario Provincial Police, who have been asked to provide a report, are doing their utmost to expedite that report, I understand; but they have to make absolutely sure that report is accurate. I do not think this committee, for instance, should say to the OPP, "You have to produce your report on a particular date." I would hasten to add that I would be prepared to wait until the fall before I got a report that was complete, rather than get one now that is incomplete.

When you are dealing with a criminal matter and you have the OPP involved, you have to make absolutely sure, and they have to make absolutely sure, that the report they are providing to a committee which, obviously, will be made public--I am sure these members do not want to have a finished report provided to them that would not be made public--they do not want to have a confidential report that they cannot speak of publicly--I suggest what we need here is a little patience on behalf of the committee. I know the anxiety that members of this committee have in trying to get reports post-haste, to try to get them almost before the various parties have been asked to write the reports, prepare them and produce them, but I think it is incumbent on this committee, if on any committee in this Legislature, to be somewhat patient, particularly where the Ontario Provincial Police are involved and criminal matters are involved.

I suggest, as Mr. Keyes, the honourable Solicitor General, has said in the Legislature--and I have absolutely no doubt in believing him--and I am sure that other members do not have any doubt that he is squaring with us 100 per cent, that he is telling the truth 100 per cent--that report has not been provided to him by the OPP. The OPP have indicated it is not available, that they have not fully completed it, and therefore, I think we have to accept the word of the Solicitor General and the word of the government.

Obviously, there is good reason these various reports are not available to this committee, and I think if we just have a little more patience, in due time, they will be available.

Mr. Gillies: I believe that the members of this committee have displayed remarkable patience in terms of our dealing with this matter. We all know the history of this. The problems surrounding the IDEA Corp. were first brought to public attention by members of this committee. The first in-depth examination of two of those problems, the Wyda matter and the Graham Software matter, were conducted by this committee.

I suggest to honourable members that we are not a dispassionate observer of these matters. We are not a vaguely interested party. We are very central to the discussions that have been going on and, in fact, it is the activities of this committee that led to the drafting of the various reports we are now seeking, and it is the activities of this committee that, I believe, led to the police investigations.

Having waited months and months for this information to come forward, and with full recognition of the very serious nature of a request to the Speaker that a Speaker's warrant be issued, I have no hesitation now in supporting the motion of my colleague, Mr. Pope, and I have no hesitation in

supporting the amendment as proposed by Mr. Philip.

As I read both the standing orders and the reference in the Legislative Assembly Act with regard to Speaker's warrants, I think there are a couple things we should make note of. This is by way of my thoughts on some of the points Mr. Callahan raised.

1100

First of all, it says that the information or persons requested by the committee should be requested or invited to appear prior to the issuance of a speakers' warrant. I believe that has been done, first of all, through numerous and repeated questions in the Legislature by Mr. Pope, by myself and by other members over a period of months, asking for more information, asking for the status reports on the police investigations and asking for the Biddell report. That has all been done.

I do not believe that all the committees of this Legislature--the work that we do in the committees is not isolated from the work that we do in the Legislature. We are committees of the House. And so those requests have been made on numerous occasions. In fact, if members will think back to the Graham Software investigation that we undertook in the winter, they will recall us asking for full texts of the Biddell inquiry at that time. So I believe that these preconditions have been met and that it is now appropriate that we proceed to the issuance of the warrant.

With regard to Mr. Biddell's report--and it is the first I have heard today that Mr. Biddell has been ill. I am very sorry indeed to hear it and I think that we would all, on the committee, wish him a speedy recovery and continued good health. But, members of the committee will know that if they look back at the estimates, look at the Hansards of the estimates of the Ministry of Industry, Trade and Technology which were conducted in December of last year, the members of that committee were told--and this is December of last year--that the Biddell report was basically finished, that there were a couple of odds and ends to be rounded up at such time that Mr. Biddell returned from his Christmas holidays in a week or two, and it would be finalized.

That is what members of this House were told back in December. I do not think it unreasonable--

Mr. Cousens: Who told us that?

Mr. Gillies: That was Mr. O'Neil.

Mr. Cousens: Are we supposed to believe everything he says, then,  
or--

Mr. Gillies: Well, on this particular occasion I do believe the minister. He told us that the report was basically completed back in December. The members of this committee were somewhat surprised--in fact, I might even say taken aback--to see excerpts from that report, with regard to Graham Software, tabled before this committee in February of this year. So we have already seen part of the report.

Clearly, the report is either finished, or substantively finished, and it would be of no difficulty whatsoever for this report to be tabled before



the committee, I would suggest, even if there are one or two aspects of it which may not be complete in the minds of the drafters. We have the ability, as members, to interpret and judge what is put before us, and I would like to see that report regardless of what stage it may be at.

Now, with regard to the internal audit of the administrative expenditures of Innovation Development for Employment Advancement that was conducted under the direction of Mr. Kruger, I have to say I am somewhat incredulous at the comments that were made by my friend Mr. Epp, because what I heard Mr. Epp say is that this was an internal document and that this committee really did not want to see it.

Well, Mr. Chairman, that is not the way this public accounts committee does business and it is not the way, in the public interest, that we can do business. As far as I am concerned, when a document--save and except cabinet documents, which have a special protection under our system--any government document which is brought to the attention of this committee, which is known to exist and which bears on the work that we are doing, I think should be produced. I do not accept an argument that it is an internal document prepared for government officials and that we, as the watchdog committee on public expenditures in this province, do not want to see or should not see it.

Mr. Cousens: Hear, hear.

Mr. Gillies: I am sorry, I do not accept that at all and I want to see that report. It was completed, to the best of our knowledge, in October 1986 and has yet to be produced, yet to be tabled in the House and yet to be released to this committee.

That report was prepared with government funding. The taxpayers paid for it and this committee has every right to look at it in the interests of protecting the taxpayers.

Finally, with regard to the police investigations, those investigations have now been going on for some months.

Mr. Pope: Eight.

Mr. Gillies: Some eight months since we first learned that they were moving in on the Wyda situation. I am sure they are very complex investigations and that numerous people have to be interviewed and so on, but I am quite prepared to listen to the commissioner, or any of his designated officials, on an in-camera basis to see exactly what they are up to.

Again, we are not voyeurs in this matter. We are not slightly interested. It is the work of this committee that led to those police investigations, and I believe they have an obligation to come before this committee and let us know what it is they are turning up, because I believe it directly impacts on the work of this committee. If there is any sensitivity as to the content of those reports at this stage, and they want to do it in camera, I have no problem with that. We handled many sensitive matters in camera in this committee and we could handle this in the same vein.

To the members who feel that the motion is premature, I say, with respect, nonsense. Many, many months have passed. Many, many times the information requested in this motion has been requested; and, if one does want to ascribe a political agenda to this, I would say that one could ascribe a political agenda, on the government's part, of a coverup.

I believe that interpretation of what is going on is every bit as valid as the reference made by a member of the governing party earlier, that we were requesting this information on a partisan basis. I would say it is every bit as legitimate an interpretation to say it is not in the interests of the governing party for this information to come forward, and so I am not the least bit surprised that they are arguing against the motion.

I have no hesitation in supporting it and I look forward to the Speaker exercising his authority to aid in a public airing of matters involving millions of dollars of public funds. That is our responsibility. It is our job, and I would hope that the Speaker, in his wisdom, will recognize that we have a job to do and that he should be aiding us in getting on and doing it.

Mr. Callahan: Mr. Chairman, again--and I have to address it as a neophyte--it seems to me that I have heard, time after time after time, since I have been here, that the Legislature and its committees are the highest court--and I underline the word "court"--in the land. That sometimes becomes difficult, because there is also a political context to things we do.

I think I, for one--and I do not think anybody would dispute this--have perhaps taken, rightly or wrongly, an approach that in certain areas that is perhaps inappropriate. I think, in that vein, what I am about to say about the regularity of seeking these documents by Speakers' warrant should be canvassed very closely, because if you look at the document that I have been handed--"Standing Committee Procedure, a Guide for Committee Chairmen"--which Mr Gillies referred to as an authority to use a Speaker's warrant to bring witnesses before us, he says that the analogy applies to documents. I would suggest that it is not clear on the reading of that particular guide that is the case, because in fact there is a specific area dealing with documents.

I would just like to read the few lines there that refer to it: Committee powers. It says, "As part of their orders of reference, standing committees have been given the power to send for any papers or things relevant to their orders of reference." I underline the next phrase, "This power is not absolute. A committee can only insist upon those papers or things which the House itself, according to its rules and practices, can demand."

I draw to your attention the fact that our powers with reference to documents as opposed to witnesses is not absolute. The very fact that it is not absolute must mean that there are situations, such as perhaps the internal document, that retain a confidentiality. I draw the committee's attention, as well to the fact that, under the witnesses section of the procedural rules, it is stated, "Public servants and civil servants have not been asked to state their own views on, advocate or defend government policy or political matters or to reveal confidential or privileged matters."

"By convention"--I gather this is a House convention--"it is the responsibility of the minister to respond to questions concerning government policy or to political questions and to requests for access to confidential or privileged information."

1110

I read that simply to demonstrate that there are, in fact, privileged documents that exist in any governmental body, quite apart from cabinet documents. They may be documents that were prepared in anticipation of some lawsuit that is either brought by, or against, the province of Ontario. You talk about us being guardians of the public purse. I would ask the members



here to act responsibly in terms of protecting that public purse and ensuring that any request for documents is not made on a partisan basis, because it could turn out that it could inure to the detriment of this committee and the people whom we all espouse to protect, the public accounts and the taxpayers of this province.

In fact, I suggest that you have to be very careful. If the vote here is made on a political basis, then I suggest that the people who are watching these committee hearings are not as naïve as we may want them to think they should be. They will know whether there is partisanship and they will know whether or not we are exercising our obligations as representatives of the people in a true fashion to protect the public purse, or if, in fact, we are just trying to gang up and to achieve some political goal.

I should go on to say as well, it is quite clear from the reading of the item under witnesses, that, in fact, the use of a Speaker's warrant is equivalent to a contempt order by a judge. If you do not believe me, you can ask for a legal opinion on it, but it would seem to me that before a contempt order will be issued by a judge, the judge has to be satisfied that there is, in fact, a refusal, a snubbing of the nose by the person who has been subpoenaed as a witness, to come before that court, in which case the issuance of a contempt order can be made.

In fact, the consequence in a judicial proceeding is that person could be jailed if he refused to answer. I suggest if you read very carefully the wording under the witnesses, which is a direction to you as committee chairman, that is very clearly spelled out by the requests being made by the clerk on at least two occasions, by there being a clear definition of a refusal. I suggest to you without evidence before this committee that there is, in fact, a refusal, I suggest there is evidence to the contrary. If we are assuming that we all are still continuing on the realm that we are all honourable members and that when we say something here that it is legitimate and that we are not just pushing the manure pile around, then, in fact, you have to accept the statements that were made with reference to Mr. Biddell's report; that Mr. Biddell is ill and the report has not been completed. I suggest if you accept that, you cannot say that there has been a refusal and, therefore, the document is not being withheld in a contemptuous fashion and, therefore, the privileges and the powers that are provided to us in a time-honoured sense--traditions of the House--should not be abused for political purposes and, therefore, weaken the use of that warrant in appropriate cases in the future.

With reference to the IDEA Corp. financial statements, you have been told that the report--and again, as I say, it has always been my understanding that we respect one another as honourable members and we would not mislead a committee--then, in fact, if it has not been signed by all the directors, as Mr. Epp, has said, you do not have a statement from the directors of that corporation that they all agree with the audited financial report. There may very well be a minority opinion. There may very well be directors who are not prepared to sign it because they do not agree with the contents of it. I suggest that document to be brought forward; that again is not a refusal, at least the evidence that I have heard. You cannot draw the irresistible inference that it is a refusal and again you would be abusing the extraordinary use of a Speaker's warrant to obtain that information.

Dealing with probably the most sensitive area and it seems to me that the province of Ontario, despite the partisanship that is expressed from time to time in this House, certainly has not reduced itself to the level of

requiring either a report or the police to appear before a committee in the middle of an investigation. Again, as I stressed the factor, we are all honourable members. The Solicitor General quite clearly indicated in the House, in answer to Mr. Pope's questions yesterday, and, as I recall, on other occasions, that these reports are not complete; that the investigation is ongoing. Who do we think we are, to usurp a tradition that has existed in terms of the sacrosanct nature of persons, be they corporate or individuals?

Mr. Philip: (Inaudible) the traditions of the House.

Mr. Callahan: You may find it light, Mr. Philip.

Mr. Philip: No, I find you light.

Mr. Callahan: Well, that is fine.

Mr. Philip: And ill-informed.

Mr. Callahan: I notice that you are always a great protector of the privileges of the underdog, and here what you are suggesting and the Conservative party is suggesting as well, of the traditions of the criminal justice system, which requires that a full, fair, complete and unfettered or uninterfered with operation and investigation by the police with the usual judicial process be carried out.

What you would be doing by requiring those reports, if in fact they have not been completed--and I suggest that has been said by the minister in the House--it you are requiring these people to come before you so that you can investigate, become a gumshoe yourself. I will tell you, Mr. Philip, that certainly Ontario or any political institution, when it treads on those foundations, is really playing with the system of justice in this province. I, for one, do not accept the fact even if you say it is going to be in camera. How many reports, that are supposedly in camera, have been leaked for political reasons?

Mr. Mancini: By the opposition--

Interjections.

Mr. Callahan: Who are we--

Interjection: Oh, just a moment now.

Mr. Gillies: Like when the Liberals leaked the Caplan report.

Mr. Chsairman: Mr. Gillies, let Mr. Callahan have his say. Then Mr. Philip is next on the list--

Mr. Callahan: Who are we to say to the people or the corporations being investigated, which I hasten to add are, under our system of jurisprudence, considered to be innocent until it is proved beyond a reasonable doubt by the crown, "We will call the police in. We will keep it in camera. We will keep it from the public"? What if some of it gets out, Mr. Philip? To me, that is a very dangerous precedent.

In fact, the police are also people who watch the events that go on in this province. I am sure they are fully aware of the fact of what is going on in the standing committee on public accounts. I do not see them rushing



forward to say: "Oh, the report is finished, Mr. Philip, and Mr. Pope and Mr. Gillies. We want to bring it before you. We will slip a plain brown envelope under Phil Gillies door and tell him that." Are you suggesting that the police are also involved in this massive conspiracy that the opposition parties try to allege, the coverup by the government? Are you suggesting that the Ontario Provincial Police are involved in that?

By doing this, that is what you are suggesting and I find that most offensive, because it certainly does not wash with the traditions and the understandings I have of our police representatives. What you are doing is ascribing to them some sort of political affiliation, that they would side with the government. I find it most reprehensible that here, with the benefit of cameras and so on, you could say that to the people of Ontario, using words like "coverup" in a flippant fashion. The documents will be available, I am sure, in the time that they are available. If you accept the statements that are made by other members of this Legislature, you would recognize that. Of course, it is easy to suddenly make the decision--because we are all powerful--"There has been a refusal. I have heard this in the corridor. I have heard this some place else. On the basis of that evidence we are going to go to the Speaker and ask for his warrant."

I suggest to you, as responsible members of the Legislature, that if you seek a Speaker's warrant on the minute evidence of a refusal that has been presented here--and I suggest there is more evidence that there is no refusal--then what you have done is taken the Speaker's warrant--and the effectiveness and the use that we may have to make of that in some future investigations where there is clear evidence of refusal--and weakened it and you have weakened the institutions of parliament. So I suggest you consider that before you vote on this motion.

Mr. Philip: Mr. Chairman, I appreciate Mr. Callahan's kind words concerning me being the defender of the underdog. The underdog, in this matter, is the taxpayer. Some \$3 million, through the activities or inactivities of the provincial Liberal government, has managed to disappear. To me, the underdog in this case is the one I am trying to protect.

It has been argued by no less than the Liberals, so many times in this committee when they were in opposition and, indeed, by Mr. Patrick Reid who was chairman of the committee for so many years, that if this committee was to wait for all investigations to conclude in all ministries, we would never be following our mandate, which is to protect the public purse. Mr. Reid made that argument over and over and over again in this committee when ministers argued that in the fullness of time certain reports would be available.

1120

Our obligation is clearly to find out what has happened in this case to an awful lot of taxpayers' money that has disappeared. We have had great patience. We have been promised reports. We have had deadlines set and those deadlines have been ignored or have not been met over and over again.

To suggest that we are setting some new precedent simply shows a lack of knowledge of the traditions and, indeed, of precedents that have been set in this parliament.

I was chairman of the standing committee on administration of justice when we requested the production of documents that "were under investigation" and indeed were before the courts in some instances. At that time, we argued

that as a committee we could operate in a manner that would not be sub judice; indeed, we received rooms full--and I literally mean rooms full--of documents that were being used by the police and that later led to the arrest of certain people and to the jailing of at least one of them. At no time did any of those documents interfere with those later court cases, nor did the police feel that their investigations were in any way inhibited. If they had been inhibited, then I guess Mr. Montemurro would not have gone to jail. It is as simple as that.

To suggest, as Mr. Callahan said, that we are somehow setting some kind of new precedent is to go exactly against the very arguments that Mr. Bradley, in opposition, argued in the Legislature and indeed that the justice committee followed so successfully in the Re-Mor and Astra Trust case.

In the case of documents that may be of interest to the courts, this motion, as amended, allows them to be presented in camera with the Ontario Provincial Police and their solicitors present to suggest to us which documents are sensitive and which documents may or may not be released. We have already done that in this inquiry; we have accepted documents in camera and said certain documents should not be released, because they are of no public interest but relate directly to the personal habits, if you want, or preferences, or likes of a particular individual, and he or she has a right to his or her privacy. We have handled those documents and those documents have not been released or leaked to the public.

In the Wyda inquiry, we have already managed to go through a great number of documents about which we, in a responsible way, have said: "These may be interesting, they may be humorous in some cases, but they certainly are of no public interest. Releasing them would serve no public interest other than one of curiosity."

To listen to Mr. Callahan's arguments, one would think that somehow we were suddenly asking for a document and throwing the axe of the Speaker's warrant at the person because we have not received them. But we have asked for these documents so many times and have not received them. We have been given dates and the dates come and go; we do not receive them. We have ministers saying the matter is under investigation.

It is not uncommon for this committee to accept partial documents as documents for consideration. If there are dissenting opinions, we can call someone before us and ask in regard to a particular report: "Why was it you did not feel comfortable in signing this document, Mr. X.? What were the views of the majority? What were the views of the minority?" That is perfectly legitimate, because it gives us a perspective on the issue that was being examined by a particular investigative group.

This motion, as amended, says, "We have tried so often and we have failed to get the documents but we are going to try one more time. If that fails, in the case of certain documents, we are going to ask that they be produced to the clerk. In the case of other documents, where there may be an argument that they should be presented in camera, then we are going to invite the police to come and present us with those documents and make their case and we will judge at that time."

If there was ever a motion that protects both the police investigation and due process, it is this amendment. It has everything in it. "We have asked for the documents and we have not got them. It is the duty of this committee to deal with the matter because it contains the wasting or the disappearance



of some \$3 million. We are going to give you another chance to produce the documents. If you do not, then and only then, we are going to use the Speaker's warrant. Even at that point, we are going to receive some of the documents in camera and allow you to make arguments why they should not be released."

It is conceivable that there may even be, in the documents that are not contained in the Ontario Provincial Police investigation, some documents which may in fact be sensitive for whatever reason. They may deal with a person's personal lifestyle or habits or even personal business, which is more likely, and may not be of public interest.

In that case, we are perfectly flexible and willing to listen to why perhaps some of those documents should be public and others should be received in camera. It is the right of the ministry to come and say: "You've asked for these documents. May we at least sit down with you and tell you why we don't figure document X should be public? It deals with so-and-so's personal bank account and it is really of no relevance," or "There are business reasons why this should not become public." It may be of assistance to a competitor or whatever.

That is still within the motion. The minister still has the right to come back and say: "We accept your request, but here is our counter-request. Here is what we can give you in camera; here is what we will give you in public." That is still within the keeping of the motion.

All the safeguards are in this motion, as amended, and I cannot, for the life of me, see why anyone, knowing the traditions of this Legislature in obtaining documents like this, would want to vote against it, unless, of course, there are certain things contained in those documents which may be politically embarrassing and therefore someone would want to save them from the public until after an election.

Mr. Epp: I just want to address for a few minutes the importance of some of the comments made earlier with regard to the Speaker's warrant and the procedures that should be followed. I want to draw to the committee's attention the fact that the member for Brantford (Mr. Gillies) earlier indicated that, in looking at the Speaker's warrant, we should look at having reports come before this committee, that they be dealt with as seriously as asking people to come before the committee and that those two aspects, reports and people, should be dealt with on an equal basis as far as the standing orders are concerned.

I want to read the standing orders again and, first, make absolutely sure that this committee is sure of what the standing orders are, and second, make absolutely sure that we follow the standing orders. There is no purpose in having the standing orders if we do not want to follow them, if we want to go our own way and go as quickly as some people would like to go without following the rules that the House has adopted both for the Legislature itself and for the committees in session.

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If we look at the standing orders on page 24, where it talks about procedure, paragraph 3, as earlier indicated by the member for Brantford when he was acting as chairman of this committee, he read, "Should a person refuse to appear or not reply to the invitation of the clerk"--I am talking here about the invitation of the clerk. I am not talking about a question in the

House or a question of meeting someone in the hall and saying, "By the way, I would like to see that report." I am talking about the invitation of the clerk and, in this case, the clerk of the committee.

"Should a person refuse to appear or not reply to the invitation of the clerk of the committee to appear, it is the responsibility of the clerk of the committee to advise the committee accordingly. If the committee, after considering the invitation a second time, is of the opinion that the attendance of the person"--in this case, as indicated by the chairman earlier, the member for Brantford, we are talking about a report; it says "person," but we are referring to a report--"is necessary to assist the committee during its consideration of its order or reference, it should, on motion, instruct the clerk of the committee to contact the person to again request his appearance."

Mr. Philip: Where are you? Page 24 of the standing orders is what you are reading. What are you reading from?

Mr. Epp: Page 24, "Witnesses".

Mr. Gillies: Those are not the standing orders.

Mr. Philip: Those are the old standing orders. I suggest you get the up-to-date standing orders.

Mr. Epp: This is Standing Committee Procedure, which I think is relevant to--

Mr. Philip: What year is that? It says it right on the front.

Mr. Epp: May 1985.

Mr. Philip: Yes, well, that is the old standing orders. May I suggest you start using the new standing orders, so we can all follow?

Mr. Chairman: It is not the standing orders he is referring to.

Mr. Epp: It is the Standing Committee Procedure, A Guide for Committee Chairmen. That is what we are talking about here, Mr. Chairman.

"If the person does not reply to the invitation, refuses to appear or declines to appear at the time specified by the committee, the clerk of the committee should advise the committee."

It goes on further to say in paragraph 5: "Upon being advised that a person again refuses to appear, the committee may decide not to proceed further or it may adopt a report to the House which sets out the circumstances and requests that the House authorize the Speaker to issue his warrant to compel the attendance of a person before the committee. A committee does not have power to 'subpoena' or to compel a witness to attend. Only the House has that power."

So, in actual fact, what you should have, Mr. Chairman, are two requests. Now, we have not had even one request by the clerk. We are immediately jumping about three steps ahead of ourselves by trying, as originally suggested and now somewhat amended, to have the subpoena. Now the amendment to that, as proposed by the member for Etobicoke (Mr. Philip), is to have everything before us next week.



I suggest what we have to do is to follow the procedures as laid out. We should first make that request, if that is the route this committee wants to go, to the clerk of the committee, and not jump about three miles ahead of ourselves and try to have the subpoena first and then have the request later.

Mr. Chairman: Any additional comments? Mr. Gillies.

Mr. Gillies: I believe that the motion, as amended, addresses the concerns expressed by Mr. Epp. If you read the amended motion, I think that Mr. Philip recognized the point raised. It says quite clearly that the chairman of the standing committee would "forthwith request." That request of the chairman would, of course, go through the clerk, as is the normal procedure. The step outlined in the committee chairman's instructions booklet that Mr. Epp was referring to is taken. It is in the motion. It is only then, if the documents requested are not produced, that the step of asking the Speaker for the warrant would be taken.

I think, again, we should remember the other point that is contained in the rules the member referred to. We in this committee cannot issue a warrant. All that we in the committee can do is request of the Speaker that he exercise his judgement and his authority to do so. I think some of our concerns are addressed by this very important step. Our chief presiding officer of the House will look at the case put forward by the standing committee on public accounts and he will make the decision. I am confident he will decide that our request is reasonable and proceed to issue the warrant, but if some of the counter-arguments hold much sway with Mr. Speaker, then he will indeed make his decision based on that.

I do not think we need fear passing this motion. I believe that the steps taken under the authority of this motion will be appropriate and that Mr. Speaker will then make his decision in the best interests of all honourable members.

Mr. Chairman: Are there additional comments? Mr. Pope, did you want to say something?

Mr. Pope: Just in final reply, if I might, I have been a member of the Legislature for 10 years as of next Tuesday.

Mr. Mancini: Congratulations.

Mr. Pope: I have been a lawyer for 15 years in this province. I have been Attorney General, albeit for too brief a period of time. I do not think I need a lecture from anyone on either the rules of the Legislature or the state of law in this province.

Using Mr. Callahan's logic, we would never be able to investigate anything as a public accounts committee because of the potential for civil and criminal suits. Quite frankly, Mr. Callahan provided one of the best arguments for the production of these documents by his interpretation of the rules. This is not a case where the groundwork has not been laid. I deny that as it was advanced by Mr. Callahan.

I just want to read out some dates on which I personally have raised this matter, because I have not ever raised the Fontaine matter in the House. I am talking about this matter, the Wyda matter, and the way it has been handled by the government: October 14 and 15; December 1, 2, 3, 11, 15, 16 and 17; January 21; February 3, 5, 10, 11 and 12. That is just before this session

started. Those are the dates on which I have raised in the Legislature questions concerning this Wyda Systems investment by IDEA Corp. and the OPP investigation. I want to specifically indicate to the members that, as early as February 10, I raised questions in the Legislature about the OPP investigation in this matter.

The next argument advanced is that there has been no request and no refusal to produce these documents. I have just read the dates on which we raised this matter. Other members have talked about their raising of the matter over a period of many months in this committee and in the Legislature.

I think the record stands clear that, since last August, the members of this committee have been trying to get full and complete audited financial information on this misadventure and misinvestment of government funds and have got absolutely nowhere in terms of getting audited statements. This committee has yet to see audited statements about Wyda. We have yet to be convinced that a detailed audit has been done.

We first unanimously asked for it last September, early October; unanimously. We have yet to see it from this government and that is over seven months ago. Now, today, we have all the excuses trotted out. All of a sudden, something that we unanimously requested seven months ago they are saying might be an internal document; might be privileged; might be the matter of a lawsuit. All the excuses are now being rolled out by the Liberal members to deny what they themselves asked for seven months ago.

It is obvious to me as well that the Liberal members have been given information they are using today about Mr. Biddell's health and about the state of the OPP investigation that we as members of the assembly have been unable to get from the ministers responsible for the last seven months.

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Mr. Philip: And we have a right to know.

Mr. Pope: We have a right to know and the public has a right to know. I am not going to be party to any more organized attempts to stop this committee and the public of this province from finding out what happened to over \$3 million of its money.

Now the Liberal members may want to continue to organize opposition to this motion; that is their right. They may continue to want to cast doubts on our motives; that is their right. But this committee started this investigation almost a year ago and, after 10 months, we have a right to the audited information and we have a right to the report from the OPP, even though the Liberal members have been given some suggestion as to what the status of that investigation is.

As representatives, having involved ourselves in this matter on a reference from the Liberal government announced by the House leader, having the right after 10 months to adequate financial information requested by the Liberal members and all members of this committee, we do not have to wait any more, and I want this matter voted on today.

I am prepared to accept Mr. Philip's amendment because it does build in the safeguards that seem to concern Mr. Callahan, but we have to proceed with this matter. Our patience is at an end after 10 months. After 10 months, that is it. They have had their chance. We have heard all the excuses; a lot of them have been rolled out today.



This committee has not, to the best of my knowledge, ever leaked information or a report on this matter that was requested to be kept confidential, once this committee had decided it should be confidential. There was a lot of information given to us by Mr. Dobzinski and Mr. Caplan that has never seen the light of day. Not one member of the committee has ever given to the public or to the media some of that information we were shown in camera. To this day, that information has never surfaced.

We are entitled to the information. The public is entitled to the information. With this motion today, I hope the government finally realizes we are serious. We are not going to take their lame excuses any more. We are not going to let them hide behind all sorts of executive privileges and excuses. It is time now to get those documents in a public forum where the people can judge.

The public interest is being served by the production of these documents. I reject the concept that the public interest is not being served. The only interest being served in not producing the documents today is of those who have something to hide. It is time they were produced.

Mr. Callahan: On a point of order, Mr. Chairman: It may not be, but maybe you can explain it to me. The clerk has told me that this book, Standing Committee Procedure, is simply a guide. I think the front of it says that as well.

It is interesting, and I need clarification on this, that under the heading of "Witnesses," it talks about the warrant. Then there is a separate page with reference to "Documents." What I want to know is whether the Speaker's warrant--as was said by Mr. Gillies, and he may be right; I do not know--which is available through whatever basis this Standing Committee Procedure document was prepared, applies to documents as well as to witnesses.

The reason I ask is because it seems to me that the question of witnesses and the issuance of a Speaker's warrant is really a final step in terms of contempt proceedings to bring that person before you, bring the body before you. I would like a clarification on that: Why would they put documents under a separate section? Does it apply to documents? I do not know. Mr. Gillies says it does. I would be prepared to accept that--he has been around here longer than I have--but I would like a ruling from the chairman on it.

Mr. Chairman: The indication is that the answer is yes. Mr. Gillies was correct in relaying that information to you. The pertinent provision in the Legislative Assembly Act is subsection 35(1):

"The assembly may at all times command and compel the attendance before the assembly or a committee thereof of such persons, and the production of such papers and things, as the assembly or committee considers necessary for any of its proceedings or deliberations."

Mr. Callahan: That satisfies my point of order. I withdraw my point of order.

Mr. Chairman: Mr. Epp, Mr. Pope was hopefully wrapping it up.

Mr. Epp: I am sorry to interrupt but on a point of order, Mr. Chairman: Given the standing orders that we have or the procedure that has already been outlined to us, I was wondering whether you would rule this matter in or out of order. If you were to follow the procedure as has been

outlined, the amendment to the motion would be out of order. I ask you to give us a ruling on that because we have the procedure before us and the amendment is not in fact in consort with the procedure.

Mr. Chairman: I have found it in concert with the Legislative Assembly Act and that, as Mr. Callahan rightly pointed out--what he was referring to--is the guide for committee chairmen. I found the motion and the amendment to the motion in order. Perhaps we can get on with it and deal with the amendment to the motion.

Mr. Epp: We are going to require a few minutes to deliberate this matter. I ask that we have a recess for 20 minutes so we have a chance to discuss the matter before us.

Mr. Gillies: It is my understanding that in the normal course of events there would be a vote in the House at noon today.

Mr. Chairman: Twelve o'clock.

Mr. Gillies: If we adjourn for 20 minutes now, that means the vote will not be taken so I move that the question be now put.

Mr. Chairman: Mr. Gillies moves that the question be put.

There is no discussion on that motion. We will put it to the committee.

All in favour?

Mr. Epp: Mr. Chairman, I understand that according to procedure, we can have 20 minutes.

Mr. Chairman: There is no debate on this.

Before we take the vote, I am going to say you have been raising a question of a point of order. I am going to have to seek clarification on that from the clerk in terms of which takes precedence. He has made a request and then the motion has been put.

Clerk of the Committee: Are you asking for a 20-minute recess on the previous question?

Mr. Epp: On the question because I understand, according to procedure, we have 20 minutes to be able to caucus on this matter. It is an important one and one we need time to discuss. I understand committee procedure does allow us to have that 20 minutes.

Clerk of the Committee: My understanding is that Mr. Epp's request would apply.

Mr. Philip: That is the value of a good timekeeper. It still gives us time for the vote.

Mr. Chairman: I would like to make a quick reference to the appropriate provision in the act because I am concerned about the time and also the fact that we have a number of other items on our agenda. I know we have one individual in the audience who is very interested in our dealing with a particular matter on the agenda.



Mr. Callahan: While the clerk is looking it up, I wonder whether we can inquire as to whether all these are the usual members or whether you have substitute forms that have been received within the half hour by those members?

Mr. Chairman: Mrs. Grier--

Mr. Gillies: Using every obstructionist trick known to this committee.

Mr. Callahan: That is called the rules.

Mr. Chairman: We have Mrs. Grier and Ms. Hart. Apparently, we have sub slips.

Mr. Callahan: Mr. Cousens, are you a member? I have not seen you around here.

Mr. Cousens: I got a new appointment. Last week I was substituted, and I am a regular full-time attending member of this committee. I used to be on this committee. I was a very effective member and then I was removed.

Interjections.

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Mr. Chairman: We are trying to locate the precise provision in the standing orders for the 20-minute request.

Interjections.

Mr. Chairman: We can find no provision here for an automatic granting of a request for a 20-minute break. There is a rule that if members are called in for a division, "there shall be a maximum wait of 20 minutes before the vote is recorded," but there is nothing here where the chair is obligated to grant it. I think it is a tradition in terms of gathering your members for a vote. In the past, it has been granted by chairpersons to allow each caucus to gather its committee members for the vote, but under these circumstances, I think I am under no obligation and we will deal with Mr. Gillies' motion that the question be put.

Mr. Callahan: I do not want to offend you, Mr. Chairman--

Mr. Chairman: The motion is on the floor and there is no debate.

Mr. Callahan: --but rules of natural justice--

Mr. Chairman: All in favour of the motion of Mr. Gillies?

Motion agreed to.

Mr. Chairman: We will deal with the original motion and amendment. We will deal first with the amendment moved by Mr. Philip.

All in favour of Mr. Philip's amendment?

All opposed?

Motion agreed to.

Mr. Chairman: We will deal with the original motion, as amended. All in favour of the--

Mr. Epp: Mr. Chairman, I just want to draw to your attention and the attention of this committee that this is a most serious violation of the rules of this committee. I have been on this committee for a good number of years and what we are doing here is asking for documents and asking for procedures--

Mr. Chairman: You have made your point, Mr. Epp. I have allowed you considerable latitude here.

Mr. Epp: --that have not been part of the process of this committee in the past.

Mr. Chairman: The motion, as amended, is on the floor. All in favour of the motion?

Mr. Epp: To violate the traditions of this committee is unheard of.

Mr. Chairman: All opposed?

Motion agreed to.

#### ORGANIZATION

Mr. Chairman: Before we break, I would like to request the committee members for a slight deviation from the agenda so that perhaps we can deal with item 3, and if we have to break for a vote we can deal with the in camera draft--

Mr. Epp: Treading on the rights of the people of this province.

Mr. Chairman: --review of the IDEA investment in Graham Software. You have item attachment B. If we are in agreement with doing that--I should ask for your consent, your agreement.

Mr. Epp: To do what?

Mr. Chairman: To deal with item 3 on the agenda.

Mr. Philip: Is that what you are going to deal with now or--

Interjection.

Mr. Philip: Okay.

Mr. Epp: We have item 2 that we wanted to deal with. We were going to deal with item 3 last week and we did not have a chance to deal with it then. We have item 2 that everybody has been saying is so important that we should deal with it and now we are suggesting that we go to item 3. I am wondering what the urgency is with item 3 that you want all of a sudden to bypass item 2.

Mr. Chairman: My brief comment is simply that we did indicate we were going to deal with this last week and we were unable to. It is receipt of the report and correspondence. It was not my intent that we deal with it other than receipt of it today. We have a few moments to do that before the House breaks.



Mr. Gillies: If I might address the problem or concern raised by Mr. Epp, Mr. Whitehouse has been coming week after week. This report is very important to his future. I understand the Ontario Development Corp. has taken action against his company and he cannot see this report and see what the auditor has to say about his company's operations and the ODC's handling of it until it is tabled before the committee. I think we should have this report tabled so that everybody concerned can have a look at it. That can be done in a very few minutes. Item 2 cannot be dealt with in a very few minutes.

Mr. Epp: Mr. Chairman, speaking to the point of order, we have been told over and over how important it is to deal with the IDEA matter. We are now being told by members of the Progressive Conservative Party that it is not that important any more. All of a sudden another matter--

Interjection: That is garbage, Herb.

Mr. Cousens: That is a perversion of the truth.

Mr. Epp: Let me finish. Now it is not important any more and we are going to bypass the matter that has been placed on the agenda and go to another matter. Second, dealing with item 3, the action taken by this committee to investigate that matter is an exception. It is something not usually done in this committee. In fact, for this committee to just look at that matter is an exception. I suggest that we should follow the order as prescribed by the chairman and by the clerk, as laid out by them and by this committee in previous sessions. I, for one, and this party will not give permission to deviate from the agenda as prescribed by this committee on previous occasions.

Mr. Mancini: And after you refused us 20 minutes for some serious consideration.

Mr. Epp: We have the agenda. We will follow the agenda.

Mr. Philip: The Liberals like to speak out of both sides of their mouth. Earlier today they talked about the rights of individuals. If ever there was a person who has some rights it is Mr. Whitehouse. He has a report and he does not know what is in it. It has been conducted by the Provincial Auditor. He has come back several times. There are matters that directly affect him. He is here this morning and it is a matter that can be dealt with quickly. I say that just out of common courtesy, indeed out of justice to Mr. Whitehouse, we should now deal with item 3 and I so move.

Mr. Cousens: I second the motion. I think that will allow us to put item 3 ahead of item 2 and we can proceed with it without these outbursts from that back row.

Mr. Epp: First, you need unanimous consent to change the agenda. Second, let us get the cards on the table. You are talking about delaying. It was not the government that put forth this motion with respect to these documents. It was not the government that put forth the amendment that has been discussed for the last hour and a half or two hours; it was the official opposition and the third party. When you are talking about Mr. Whitehouse not getting his day in court today, it was not we who this before the committee; it was the two opposition parties. Do not go blaming the government for the delay, Mr. Philip. It was the other two parties. Let us keep it where it should be. Let us keep the attention where it should be and the delay where it should be and that is right with you and the other opposition party.

Mr. Philip: If the Liberals had not covered up on all those documents, we would not have needed the motion.

Mr. Epp: Coverup?

Mr. Gillies: I do not mind the obstructionist tactics of the Liberal Party so much when it is in the political forum and is an argument or disagreement on a point of view between politicians. But let the record show that Mr. Whitehouse, whose company is being dealt with by ODC, whose financial future is in the hands of that corporation--let the record show that the report of the Provincial Auditor, which Mr. Whitehouse has every right to see, is being denied him for yet another week because of the obstructionist tactics of the Liberal Party.

It is natural justice that this report be tabled and that he have a look at it. If the Liberal members want to play games with this man's future and this man's family, I do not. It could take two minutes to put that report before this committee so he can have it. Mr. Epp, you and your colleagues are saying no; that is exactly what you are saying.

Mr. Epp: You said no by putting all these other things before the committee and you know it, Mr. Gillies.

Mr. Callahan: I wonder whether as a compromise, if this gentleman has been here--I do not know; I have not seen him on other occasions but I presume he has been here on a number of occasions. It is obvious that unanimous consent is not going to be given, judging from what has been said--

Mr. Gillies: You do not need unanimous consent; there is a motion on the floor.

1200

Mr. Callahan: I was going to suggest, to accommodate the gentleman, rather than bringing him back--that is one of the problems I have with this committee, and I have expressed it before. You get an agenda and you plan to deal with the items on the agenda, then suddenly there are these one, two and three notices of motion that appear before the committee to be dealt with.

That gets rather aggravating, not only for this gentleman, who is being inconvenienced, but also for members of this committee in terms of being able to decide what they should prepare for for the next meeting. I come here and it is like throwing darts. You come in expecting to deal with one issue and a couple of darts are thrown by somebody and suddenly you are off on a tangent.

Could I suggest, as a reasonable accommodation, that this gentleman be told that if he comes back next week he will be the first person on the agenda? That should have been done a long time ago. You talk about the man being delayed by us. He has been delayed because nobody has ever bothered to think about this before two minutes to 12 and has tried to thrust it at the other parties and paint them as bad guys.

Quite frankly, I do not make decisions on something when there are two minutes left to go in the day. You can say all you like, Mr. Gillies, about it being obstructionist, but I think that is using reason and common sense and intelligently addressing a matter that is to be voted on by this committee, not in a capricious and frivolous way at two minutes to 12.



If you want to help this man--and I would like to help this man--then I suggest that what we could do, and I think we would be doing him a favour, is to let him know that when he gets in here at 10 o'clock next week, one of the members of whatever party will not have a dozen notices of motion that will pre-empt him being first on the list. If we did that, I think we could do it in fairness and all of us could support it, or at least I could.

Mr. Philip: I move that the question now be put; that is not debatable. Can we take a vote on that?

Mr. Chairman: Referring to the standing orders, I am not going to accept it if there are additional members of the committee who have not spoken at this point and wish to participate in the debate on the motion. If there are members who have not participated and wish to participate, I am asking that now. So in that way I am not going to accept the vote on the motion.

Ms. Hart: I have been listening all morning. I have not been on this committee for some time, but I have to say that I am really concerned about what I have been hearing. We have, by all accounts, a gentleman who has been, perhaps for his second or third time, coming to sit before the committee. What Mr. Callahan said is quite correct. How can you deal with anything with two minutes left to go?

Obviously, it is an important matter or it would not be on the agenda. Why can we not, as a committee, say to him with courtesy, "Here is the time you will appear next week and we will abide by it"? It seems to me that is a reasonable way of proceeding. In that way, all members have an opportunity to consider the matter and to deal with it in a reasonable way.

Mr. Mancini: I would like to say that I would be prepared to agree to an agenda that would see that this gentleman be first on the list when we next meet and have a gentlemen's and ladies' agreement among all the committee members that we hear him first. If there are any notices of motion or any other important business that may have come up within that six- or seven-day period, we can just withhold it until we deal with this gentleman. Let us make an agreement that we hear him first and let us keep our word.

Mr. Philip: I have just asked the Provincial Auditor and he has no objection. If we were to put the question now, the report could be tabled. It would give Mr. Whitehouse at least the week to study it, so he would not then be pressured. It would mean it would be a public document that he could have the use of. I am prepared to give him an opportunity to appear next week at 10 o'clock.

Mr. Chairman: We have a motion on the floor, which I have accepted, to rearrange the agenda to deal with this matter and receive the report. That is the motion that was on the floor.

Mr. Philip: I thought the motion was my motion that item 3 be heard instead of item 2.

Mr. Chairman: That is right. That is the motion we are dealing with right now.

Mr. Philip: Okay. I move that the motion now be put.

Mr. Callahan: Mr. Chairman, to save Mr. Philip some time--

Mr. Chairman: I am going to give you this one liberty and that is it, because--

Mr. Callahan: I did not understand it was just a matter of tabling.

Interjections.

Mr. Callahan: That was not the way it was. I was led to believe a report I know nothing about, have not read or anything else, was suddenly going to--if it is just the tabling, I do not see---

Mr. Chairman: That is all that is involved here.

Mr. Mancini: We may want to ask this person questions. It is not going to take two minutes, I can assure you of that. Nothing takes two minutes, and we all know that.

Mr. Gillies: I do not understand. I know we have had a very highly charged morning, but my understanding was simply that this report would be tabled today so that Mr. Whitehouse can look at it and have access to it. We have a document about this man's livelihood and his future. We have had it for some time. He just wants to look at it. We can debate it at another time. If we all cool down for a minute, why would we deny him access to that document for yet another week? It does not seem reasonable.

Mr. Chairman: I said at the openingm when I made the request for the change, that all we were going to do was receive this report so that it could be public knowledge. That was all, simply because we had five minutes and we thought there may be a vote. That is why the request was made, and nothing more than that.

We have the motion before us that the agenda be modified to deal with item 3 prior to item 2.

Motion agreed to.

Mr. Chairman: Do you have copies of the report that can be circulated?

All right, that is it. We will move on to item 2 in our original agenda. Could I have a motion to move in camera?

Mr. Barlow moves that the committee meet in camera.

All those in favour?

Mr. Epp: I want to say that some of us have another meeting at 12:15 and I am just wondering whether you are going to find it beneficial to go into this document now for a few minutes or whether you want to leave that to be the first item next week.

Mr. Chairman: We have a request from Mr. Epp that we review this report now; is that what you are suggesting?

Mr. Epp: No; come back next week and review it.

Mr. Chairman: Break now and not deal with the other item on the agenda? What is the feeling of the members? Do you want to start with the draft report on the IDEA Corp. now?



Mr. Mancini: We have a meeting at 12:15 that all of us have to attend.

Mr. Cousens: Maybe we can begin early next week.

Mr. Epp: I have no objection to that.

Mr. Callahan: You were not here on time when we started anyway.

Mr. Epp: I have no objection to making up that time next week.

Mr. Philip: Since the Liberals are being so co-operative in facilitating the business of the committee during this meeting, I will be happy to co-operate with them in the same spirit. Therefore, I will concede to their request.

Mr. Chairman: There seems to be agreement. We will adjourn, and I hope the steering committee can get together in the very near future to establish an agenda for next week.

Mr. Callahan: It is carved in stone.

Mr. Chairman: Before you leave, I have one item I would like to mention to you. I am in receipt of a letter from Cynthia Smith of the legislative research services advising that Patrick Malcolmson, research officer to the standing committee on public accounts, has resigned effective July 3 and is returning to his home province of Alberta to pursue further academic endeavours.

Mr. Epp: Is that Senate reform?

Mr. Chairman: We will have an opportunity to wish Pat well in the next couple of weeks, but I would also like to introduce Wendy MacDonald, who is the replacement research officer. She will be working with the committee and with Pat in the next little while.

Mr. Barlow: She will probably resign too.

Mr. Callahan: After viewing one committee hearing, will she want to come now? Maybe we should put the question to her. Do you want to come still?

Mr. Epp: I am sure the other members may want to add something, but I want to say on behalf of our party that we appreciate very much the work Patrick has done. He has worked diligently and presented a number of reports for us. We very much appreciate the work he has done and want to wish him well as he goes back out west. Being a former westerner myself, I can appreciate the advantages of being out there.

Mr. Cousens: Maybe you could go with him.

Mr. Callahan: We have not driven you away, have we?

Mr. Gillies: I would just add on behalf of our caucus our thanks for all of your help with these very inoffensive and noncontroversial things that we deal with in this committee. I suspect you may be going back to Alberta for a rest. We certainly wish you well with your return to academic endeavours and hope they are very succesful. We would also want to welcome our new researcher. I know that after viewing this morning's proceedings, she will

just be champing at the bit to get going here.

Mr. Callahan: Bring two Anacin tablets with you to every committee meeting. It will help.

Mr. Philip: Patrick has come in a tradition of some excellent researchers we have had assigned to this committee by legislative library research. He has maintained that high standard. I want to thank him on behalf of the New Democrats on the committee for his excellent work. He has always been accessible. I would only pass on to him my suggestion that if by any chance he found that the work on this committee or that this committee was not lively enough or polarized enough, after graduation he might consider applying to the public accounts committee in the British Columbia Legislature.

Mr. Gillies: Or the Green Berets.

Mr. Chairman: My personal thanks to Pat for his efforts on all our behalf. In the past period of time I have worked very closely with both him and the clerk. There must be a personality quotient that goes into the mix in terms of people who have to work as research officers, because I have worked with two of them now on this committee and found them to be extremely easy to work with, very genial, very co-operative and always willing to go the extra mile on our behalf. We thank you, Pat, and wish you well.

Mr. Malcolmson: Thank you.

The committee adjourned at 12:13 p.m.



STANDING COMMITTEE ON PUBLIC ACCOUNTS

FUND-RAISING

THURSDAY, JUNE 11, 1987

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Barlow, W. W. (Cambridge PC)

Callahan, R. V. (Brampton L)

Cousens, W. D. (York Centre PC)

Epp, H. A. (Waterloo North L)

Mancini, R. (Essex South L)

Philip, E. T. (Etobicoke NDP)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Johnson, J. M. (Wellington-Dufferin-Peel PC) for Mr. Cousens

McLean, A. K. (Simcoe East PC) for Mr. Gillies

McLean, A. K. (Simcoe East PC) for Mr. Runciman

Clerk: Arnott, D.

Staff:

MacDonald, W., Research Officer, Legislative Research Service



LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 11, 1987

The committee met in camera at 10:15 a.m. in room 151.

After other business:

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FUND-RAISING  
(continued)

The Acting Chairman (Mr. Barlow): Committee members, we are ready to proceed with the second item on the agenda, which is a motion by Mr. Gillies. I have a statement from the chairman who unfortunately is unable to be here at the present time. He is in the House on a resolution of his own.

Mr. Gillies: This is a procedural matter. Should I move the motion first or what would be most appropriate? We have only given notice at this point. There is not a motion before the committee.

The Acting Chairman: I am told it is not necessary for you to read it into the record.

Mr. Gillies: Would you like to hear it?

The Acting Chairman: I am going to read the chairman's statement dated with today's date, June 11, 1987.

Mr. Epp: Mr. Chairman, do you have a copy of that for us?

The Acting Chairman: I am sorry. I do not. I do not think anybody has it. There are no copies of the decision. I have the only printed copy here.

"At the committee's last meeting on Thursday, June 4, a motion was moved by the member for Brantford (Mr. Gillies). The motion read as follows:

'Moved: That the standing committee on public accounts investigate the member for Huron-Bruce's June 15 fund-raiser to determine if public funds with respect to resources and staff time have been expended inappropriately.'

"At that time, I indicated that I would consider the proposed motion and perhaps comment further.

"The basis of my remarks today must be the terms of reference given to the standing committee on public accounts by the Legislature. Standing order 90(i) refers to the committee, the public accounts of the province and the reports of the Provincial Auditor for review and report of our recommendations.

"The motion proposed by Mr. Gillies, if carried, would have the committee review an expenditure of moneys not"--that is underlined--"made in the fiscal year ending March 1, 1986, which is the period covered by the most recent public accounts referred to this committee.

"As chairman, I can find no authority within our terms of reference as they stand for undertaking review of a financial transaction not yet reported in the public accounts or the report of the Provincial Auditor. I therefore must rule the motion out of order.

"I would suggest, however, that certain other avenues may be available. For example, members might give consideration to submitting a request to the House leaders for the committee to be granted terms of reference to consider the matter as proposed in the motion.

"Alternatively, the committee might consider requesting the Provincial Auditor to investigate and report to the committee on the matter, pursuant to section 17, titled 'Special Assignments,' of the Audit Act.

"Finally, members wishing to pursue this issue could do so through consideration of the annual report of the Ministry of Health in the appropriate standing committee to which the statutory report is automatically referred, pursuant to standing order 35(c).

"As committee members will recall, a chairman's ruling is not debatable. The options now open to the committee may be discussed and I am prepared, in this instance, to waive the standard requirement of one meeting's advance notice of motion."

Mr. Wildman: Mr. Chairman, on a point of order: Am I to understand what you just said to mean that if there were to be debate, it would be only in the context of a challenge to your ruling?

The Acting Chairman: That is right; not the fact that a ruling has been made, but that it is out of order.

Mr. Epp: Although, on that same point, the options could be debated but not the ruling--whether we can discuss it before this committee.

The Acting Chairman: That is right.

Mr. Wildman: What cannot be debated is whether the motion is out of order unless you wish to challenge that ruling. You can discuss the options available.

The Acting Chairman: On a point of order? Otherwise, I have a speakers list here.

Mr. Pope: Am I on the list?

The Acting Chairman: Yes, you are; second. Mr. Philip is first. The names I have are Mr. Philip, Mr. Pope and Mr. Gillies.

Mr. Callahan: Mr. Chairman, on a point of order: Following up on Mr. Wildman's comment, are the comments now being made in the form of a challenge to the chairman's ruling? If that is the case, then whoever is challenging the chairman's ruling should move it so that debate can be had, because clearly, as I understand the chairman's ruling, which is certainly in compliance with item (i), we are not "empowered to review and report...observations, opinions..." unless they are on the report of the Provincial Auditor. In order to properly have this before the floor, if we are to debate it, somebody is going to raise a challenge to the chair.



Mr. Wildman: No, The reason I raised my point of order was simply to point out there are two matters set before the committee by you. One is your ruling that the motion is out of order. If anybody wishes to debate that, the only way he can do it is by challenging your ruling. You also set before us a number of options that might be following rather than that proposed in Mr. Gillies's motion. As I understand it, it is quite in order for members of the committee to discuss those options since you put them before the committee.

The Acting Chairman: You are absolutely right, in my opinion. It would be perfectly in order to discuss anything other than whether or not the motion is in order.

Mr. Wildman: Whether or not it is in order.

Mr. Philip: I would like to address the options and I would like to address them in the light of the role of the committee.

In our last report, 1985 and 1986, the committee in fact dealt with the matter of the role of the public accounts committee and the evolution, if you want, of that committee. I suggest to you that in parliament, we have a number of ways in which changes are made. One is by straight votes and the other is by a tradition of precedent.

The committee clearly recognized that there was a dramatic change in that role when we investigated such matters as the domed stadium, for example. Indeed, two years ago when I presented a paper on behalf of the committee at the public accounts convention, I dealt with the changing role of the committee and some of the options some of us were proposing in it and indeed with the role of the Provincial Auditor as we saw it evolving in a more complex society.

I would like to refer you to page 98 of our last report. The heading is "Expanding Role of the Committee and the Provincial Auditor."

"Traditionally," it says, "the public accounts committee has reviewed only past expenditures, concentrating on issues raised in the auditor's annual report for the previous reporting year. More recently, however, the committee has broadened the scope of its investigation to include proposed as well as past expenditures, current issues not cited in the auditor's report and policy matters that were hitherto considered beyond the committee's mandate."

"The enlargement and redefinition of the committee's investigative territory has, in turn, led to an expansion of the Provincial Auditor's role in terms of the committee. Since mid-1985, the committee has instructed the auditor to undertake an unprecedented number of special assignments in connection with issues as the domed stadium financing, the proposed sale of the Urban Transportation Development Corp."--I underline the word "proposed" because at the time we asked the auditor to look into that, it was a proposal, not in fact moneys that had either been spent or through a sale--"the activities of the Industrial Accident Prevention Association"--in that case that would have been past tense--"the state of provincial court facilities and the financial records of private individuals and companies under committee investigation."

"Expansion of the role and function of the public accounts committee and the Provincial Auditor's office was one of the items included under legislative reform in May 1985 Liberal-NDP accord."

If you remember that accord, and this was the accord signed by the Liberals with the New Democrats, it clearly said that the role of the auditor would be expanded. I suggest to you that in signing that accord what the Liberals in fact agreed to was a more useful function both for the auditor and the public accounts committee. The rationale, if one goes back historically, as someone who served on the committee since, what, 1981?

Mr. Epp: I thought it was 1881.

Mr. Philip: It is 1881 only to the government that happens to be in power at the time. The historical reasoning for it and the reasoning that was most often given by Patrick Reid, that great Liberal chairman of the public accounts committee, was the frustration--

Mr. Epp: On a point of order, Mr. Chairman: Can you make sure Mr. Reid gets a copy of Hansard.

Mr. Philip: The frustration that the public accounts committee was having that so often all that was being done was that we were closing the gate after the horse escaped from the barn. Those were his words that he would say over and over again.

I am suggesting to you that in posing this motion, Mr. Gillies is in fact in the tradition and the direction in which the public accounts committee has been going for at least three years, but most definitely for at least two years, and in fact it has been clearly stated in its report that was signed by all members of the committee when we tabled this report in February 1987. I do not think we are in a position where we have to look at new alternatives. What we have to ask is, is Mr. Gillies' proposal in keeping with the tradition and precedent that we have been set in the new direction the committee has taken over the last two years, and indeed in keeping with the accord that was signed by the Liberal Party and the New Democrats when the new government was formed?

I suggest to you that it is. For that reason, perhaps the chairman had not considered that kind of evidence when he made his decision and perhaps the chairman might want to reconsider in the light of what has taken place during the last couple of years. I certainly support Mr. Gillies's motion.

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The Acting Chairman: You are kind of bordering on discussing the ruling of the chair.

Mr. Philip: No, I am not. One of the options you did not make was the option for the committee chairman to reconsider his decision in the light of new evidence. I suggest that I have presented new evidence and I hope the committee chairman will reconsider.

Mr. Callahan: What standing order is that?

The Acting Chairman: I do not know.

Mr. Callahan: Can you point to the standing order?

Mr. Gillies: Standing order 29(e)(5).



Mr. Callahan: Is that right? I would like to see the standing order that says that.

Mr. Mancini: There is no standing order.

The Acting Chairman: Okay, we will hear further discussion.

Mr. Pope: We could do a dance around this issue for the next half-hour and never get to it. I think Mr. Philip is absolutely right and therefore I challenge the chairman's ruling and I move that the motion be put. We had discussion on this last week and I move that the question be put as to the challenge of the chairman's order.

Mr. Callahan: We have to discuss the challenge to the chair because there was--

Mr. Epp: We need to have a discussion on this because you cannot bring in closure on that basis in this committee and thereby prevent members from having a free discussion on this.

Mr. Pope: Certainly we can do it.

Mr. Wildman: On a point of order, Mr. Chairman: I do not like to be sticky about this, but my understanding is that when there is a challenge to the chair, the reasons for the challenge should be stated and then the question should be put as to whether the chair will be upheld.

The Acting Chairman: There is no debate on the challenge to the chair.

Mr. Wildman: The reasons for the challenge should be stated and then the chair has the right to defend or to explain why he does not agree with the challenge and then the question should be put.

Mr. Pope: I stated the reasons for it. I adopted Mr. Philip's reasons.

The Acting Chairman: Mr. Pope did state his reasons for challenging the ruling of the chair, which is nondebatable, and then he moved that the question be put, which is also nondebatable.

Mr. Mancini: That is not quite correct.

Mr. Philip: On a point of order, Mr. Chairman: In fairness to the Liberals, since obviously they are opposed to it, I wonder if Mr. Pope would be kind enough--

Interjection.

Mr. Philip: I do not want, by a technical matter, to exercise closure against the Liberals who are obviously going to vote in favour of the chair. I wonder if Mr. Pope would just step down one place and let the Liberals give their reasons why they are opposed and then move the motion, which we will be supporting. I do not want it to look as though somehow the NDP and the Conservatives are stopping the Liberals from exercising their right to give their opinion. I think it is fair that they have the right to

give their views. Will you let Mr. Epp make his comments and then move your motion?

The Acting Chairman: Mr. Pope has consented to that.

Mr. Wildman: We give unanimous consent to let them speak.

The Acting Chairman: Mr. Callahan, are you going to speak on behalf of the Liberals?

Mr. Callahan: Yes, I am speaking--

The Acting Chairman: One member of the Liberal Party. You guys decide. Mr. Epp was next on the list.

Mr. Callahan: All right, but I would like to address the comment that was made by the NDP that we are going to vote against this--

The Acting Chairman: Order, Mr. Callahan, please. Mr. Epp, perhaps you would like to comment on Mr. Pope's motion.

Mr. Epp: I want to comment on a number of things. First of all, I want to clearly put our party on record as supporting the chair's ruling. We believe, and I very strongly believe, that this is not a frivolous thing. This was researched. It is based on the House rules, which have been delineated and which have clearly indicated the kind of directions the committee should work under and the terms of reference under which it should work. It was not done all of a sudden on some whim or something of that nature where the chairman, and I am talking now about the permanent chairman who worked in conjunction with the Clerk's office and so forth, made this ruling. Therefore, if we are suggesting that by challenging the chair, this is somewhat frivolous and it was out of order, we do not want to have any part of that.

There other thing is that if we want to change the rules of this committee, as has been suggested by Mr. Philip, based on the accord and based on what was in an annual report, then I suggest this is not the way we should go.

Mr. Wildman: The annual report was unanimous with all the members of the committee.

Mr. Philip: The report gives the policy of the committee.

Mr. Epp: The rules, as given to this committee, have been given to us by the House and we cannot unilaterally define our own rules as we see fit and that is what is being suggested, that we want to expand our terms of reference. Eight, 10 or 11 of us want to sit here and say, "We need broader terms of reference; therefore we are going to give ourselves broader terms of reference."

The accord did not specifically suggest, Mr. Philip, that we should be giving ourselves extended terms of reference for this issue. Second, the accord has no basis in law. It was not adopted by the Legislature. It was an agreement between two political parties.

Mr. Wildman: It is not a matter of law; it is a matter of moral obligation.



Mr. Epp: Certainly; I do not disagree with that.

Interjections.

The Acting Chairman: Order, please. Let Mr. Epp continue.

Mr. Epp: I do not disagree with that, but I am also saying that was a general statement and did not specifically relate to this one issue. Had it related to it, I would find some moral obligation to support Mr. Philip in his statements, but I do not. Just because you are going to give the auditor more authority--he has already been given more authority. There are more cases where he has investigated. For instance, the dome is a good example that Mr. Philip used. There was no real money expended there and we investigated it.

Mr. Philip: That is right.

Mr. Gillies: Are you supporting Mr. Philip? I agree with you then.

Mr. Epp: No, I am agreeing with him on that particular matter. I am talking about the accord and the general thrust of it.

Mr. Gillies: That is right, Herb. I am with you.

Mr. Epp: It does not carry over to this example. Therefore, I suggest that because we are the servants of the House, we do not unilaterally give ourselves whatever authority we want. Since the chairman has ruled that we do not have the authority to deal with this matter, I suggest that it should go back to the House. The House may want to refer it to the standing committee on the Legislative Assembly or some other committee. It is not up to us, first, to expand our terms of reference, and second, to determine to which committee it should go because that is something the House should decide.

I do not see how any honourable member can all of a sudden say: "We want more powers. We want to deal with this and therefore to hell with the House, to hell with what the members say there; we are going to do what we want to do here." That is what they are saying. I want no part of that.

The Acting Chairman: Thank you, Mr. Epp, for defending my ruling.

Mr. Wildman: On a point of order, Mr. Chairman: If you would permit, I would like to understand exactly what Mr. Epp is saying. He is saying he is not opposed to this investigation; he is just opposed to this committee doing it.

Mr. Epp: I will clarify that. The chair has ruled that it is not within the jurisdiction of this committee. If the House wants to do something else, if it wants to refer it to another committee, that is the decision of the House. I am not making that decision in here.

Mr. Wildman: All right; I see what you are saying.

The Acting Chairman: We have a challenge to the ruling of the chair. Shall the chair's ruling be upheld? All those in favour? One, two, three. All those opposed?

Interjections.

Mr. Epp: Mr. Chairman, we need a recess because we do not have all our members here. I am going to ask for a 20-minute recess.

Mr. Pope: He started the vote.

Interjection: You just chased them.

Mr. Epp: No, I did not chase them out.

1200

Mr. Gillies: He started the vote.

Interjections.

The Acting Chairman: I counted three.

Mr. Epp: Mr. Chairman, the rules of this committee--

The Acting Chairman: Order, please. Let me consult. I did count the--

Mr. Pope: Three. He counted those in favour.

Mr. Mancini: No, there was some confusion there because you yourself, Mr. Pope, asked the chairman what he was doing. You yourself did not know what he was doing.

The Acting Chairman: I have consulted with the clerk and my best advice is that I should grant Mr. Epp's request.

Mr. Epp: Thank you very much, Mr. Chairman.

Mr. Wildman: On a point of order, Mr. Chairman: Would the clerk please advise as to whether a matter of order or a recess can be called in the middle of a vote?

Mr. Mancini: Mr. Pope himself did not even know there was a vote going on because he asked the chairman.

Interjections.

The Acting Chairman: Order, please.

Mr. Epp: Are you challenging the chair again? He has made a ruling on that.

Mr. Wildman: I asked if a point of order or a recess, either one, can be called in the middle of the process of a vote, after the affirmative has been asked for.

Mr. Epp: Yes, there was no vote.

Interjection: They keep challenging your ruling.

Interjection: Again.



Mr. Callahan: On a point of order, Mr. Chairman: Can I inquire as to whether you have substitution forms for all the members who are voting here?

The Acting Chairman: Yes, we do.

Interjections.

Mr. Callahan: Trying to override the rules of the House is pretty serious too, and that is what is happening here.

Mr. Wildman: --override any rules; I asked for a ruling.

The Acting Chairman: We have the standing orders here. Can we listen to them, please?

Clerk of the Committee: Standing order 108(a) reads, "When a division takes place in a standing or select committee, the clerk of the committee shall record in the minutes of proceedings the question proposed, the name of the proposer, and if requested by any member, the vote of each member present."

Standing order 108(b) reads: "When members are called in for a division, there shall be a maximum wait of 20 minutes before the vote is recorded."

Mr. Wildman: My question is, can you call a 20-minute recess during a vote, not before. The order says "before."

Mr. Pope: That is right. He had recorded three votes in favour of the ruling.

Mr. Gillies: We could argue this for 20 minutes. Why do we not vote on this matter in 20 minutes?

Mr. Wildman: All right. I do not think you answered my question, Mr. Chairman.

The Acting Chairman: Unfortunately, the standing orders do not answer it. If it is agreeable, we will vote in exactly 20 minutes.

The committee recessed at 12:02 p.m.

12:22

Mr. Chairman: Okay. We are back.

Mr. Callahan: Point of order.

Mr. Pope: No, we are taking the vote.

Mr. Callahan: A point of order is always in order.

Mr. Pope: No, we are in the middle of a vote. Let us go.

Mr. Callahan: It is not in the middle of the vote at all. Mr. Chairman, point of order.

Mr. Epp: A point of order is permissible--

Mr. Pope: Not during a vote it is not. If you are in the middle of a vote--you guys do not want this to happen, but it is going to happen, my friends.

Mr. Epp: He has a very important point.

Mr. Chairman: The point of order, I am advised, has to relate to the process of division.

Mr. Callahan: That is right.

Mr. Pope: To the process of division.

Mr. Gillies: It is another Liberal stall; sweep it under the rug.

Mr. Chairman: Order. Let us hear it.

Mr. Callahan: They certainly are overanxious, are they not? I tried to raise this with the chairman who took your place. Under standing order 39 a motion for closure was made, I believe, by Mr. Pope.

Mr. Mancini: He was bullied by Mr. Pope.

Mr. Callahan: Standing order 39 goes on to say, "Unless it appears to the chair that such motion is an abuse of the standing orders of the House"--

Mr. Pope: That has got nothing to do with--

Mr. Callahan: Let me finish.

Mr. Chairman: No, you are out of order. I am advised you are out of order and that is the ruling of the chair. We have the motion before us. Shall the chairman's ruling be--

Mr. Callahan: Can I just--

Mr. Chairman: No.

Mr. Epp: We have a new chairman. Do we have--

Mr. Chairman: The motion is, shall the chairman's ruling be upheld?

Mr. Callahan: Which one?

Mr. Chairman: All those in favour of the motion?

Mr. Mancini: Of what motion?

Mr. Callahan: Which motion are you talking about? You just made a second ruling.

Mr. Chairman: The ruling that Mr. Barlow read on my behalf during my absence. The motion is, shall the chairman's ruling be upheld? All in favour?

Mr. Epp: Boy, we know who your friends are now. Look at the Tories.



Mr. Chairman: All those opposed?

Mr. Epp: Look at the Tories. They are voting against their own colleague.

Mr. Callahan: One more week and we will have the parliamentary process--

Motion negatived.

Mr. Chairman: The motion is defeated. Mr. Gillies, you may proceed and move your motion.

Mr. Epp: On a point of order--

Mr. Gillies: I move that the standing committee on public accounts investigate the member for--

Mr. Chairman: I am going to listen to the point of order, Mr. Gillies.

Mr. Epp: Just on a point of order, and I think this is very important, I think we find that the member for Cambridge (Mr. Barlow) has read the ruling. He made a ruling and now we have just seen him vote against his own ruling. I think that is most unorthodox and I think it is unfortunate that you put him in that position, Mr. Chairman.

Mr. Chairman: That is not a point of order. Mr. Barlow was reading my ruling.

Mr. Gillies moves that the standing committee on public accounts investigate the member for Huron-Bruce's June 15 fund-raiser to determine if public funds with respect to resources and staff have been expended inappropriately.

Do you wish a few minutes to comment on this?

Mr. Gillies: No, I think we had an adequate discussion on the notice of motion last week and I move that the question be put.

Mr. Philip: It has been moved that the question be put and that is not debatable.

Mr. Chairman: I am not going to recognize--

Mr. Epp: I cannot believe how asinine this is.

Mr. Pope: We cannot believe how asinine--

Mr. Epp: You cannot put a motion--

Mr. Chairman: Order, please. I am not going to recognize the motion. The members have not had an opportunity for full debate on this.

Mr. Epp: That is ridiculous, trying to--

Mr. Chairman: Mr. Philip, do you wish to continue?

Mr. Philip: The reason we support the motion is that I have been around here for some 12 years and I have seen what could be considered abuses under the Conservatives in their 42 years, but I have never seen a situation where people who were in a position of applying for funds for things that were deeply important to the community were placed in the kind of compromising situation of being coerced--there is no other word for it--being coerced--into financially supporting a political party whether they agreed with that political party.

I find it absolutely inexcusable that a minister, whether he sent it out at public expense or at his own expense to people such as hospital administrators, administrators of nursing homes--I can tell you that in my own area the hospital administrator was completely shocked and then he said angered, and promptly tore it up. He said that he would be placed in a situation where there is an application for people for beds. We have 50 beds in the Etobicoke General Hospital being occupied by people who really belong in extended and other chronic care facilities.

We have had applications for assistance and this administrator now is asked to pay some \$200 or \$250 for a fund-raising dinner for an MPP who does not even represent a Metro area. I find that completely inexcusable. It is the abuse of power in the worst form. I have never seen, under the 42 years of the Tory government--there may have been under the Hepburn government where it started firing people who were not Liberals--a worse abuse of power in my life and I think it is completely inexcusable whether there were public funds spent to get that invitation or request out.

I can tell you one hospital administrator said, "I know some of my colleagues who may feel insecure as a result of this in fact are placed in a terrible position of saying, 'I will have to go because I really need these beds so badly that I do not want to do anything that will upset the Minister of Health.'" I think this of a gross abuse of power by the Minister of Health and requires a full investigation.

Mr. Callahan: Mr. Chairman, I want to thank you for your fair ruling in allowing us to speak to this because there was an effort to move closure and you, in your fairness, allowed us to speak, which was not the case before with the former question of upholding the chair or defeating the chair's ruling, which I thought was a pretty good ruling.

It certainly seems to me that the type of motion that is being moved here is a pretty good indication of just how the opposition grabs at straws. I have some difficulty in accepting the previous speaker's statements because it would mean in a sense that any connection of the New Democratic Party with unions should be eliminated. They should not be able to write them asking them to come to a fund-raiser because that would certainly be exercising, as is suggested, some type of coercion.

We have never looked into that or suggested that we should perhaps investigate whether, if union members get that type of notice and do not come, they may be under some form of coercion. I think that the--

Mr. Wildman: If it worked that way, I would have big meetings all the time.

Mr. Callahan: I think that the credibility of this committee, in attempting to go beyond the standing orders, without doing it in the appropriate way in the House, having the standing orders enlarged and



attempting to follow every little item that they consider to be something where they think they can score some points in terms of innuendo or whatever, putting aside perhaps work of this committee that is far more important that the people of this province expect us to pursue in terms of looking into the public accounts of this province--I have to say that you may be able to bully with your numbers the entire traditions of the House, but I can assure you that the people of Ontario watching the tactics that are being used in this regard by the NDP and the Conservatives recognize just how desperate they are to try to find an issue, and how they are prepared to use public institutions that heretofore have been unfettered and have in fact been maintained by traditions down through history. They are weakening parliament by taking the steps they are taking.

Mr. Philip: What are you talking about?

Mr. Callahan: That is all I am going to say.

Mr. Philip: You voted for the dome inquiry. You vote one way when it suits your purpose and--

Mr. Chairman: We have reached our time limit of 12:30.

Mr. Philip: What a bunch of hypocrits.

Mr. Chairman: Obviously, we are going to have to continue this debate at our meeting next week unless there is--

Mr. J. M. Johnson: You can just call the whole thing off.

Mr. Chairman: No, I have a list of speakers. Unless there is unanimous consent to extend our time, I would--

Mr. Pope: I vote we extend our time.

Mr. Epp: Of course not.

Mr. Chairman: We will adjourn until next Thursday.

The committee adjourned at 12:30 p.m.





STANDING COMMITTEE ON PUBLIC ACCOUNTS

FUND-RAISING  
IDEA CORP.

THURSDAY, JUNE 18, 1987

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)  
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)  
Barlow, W. W. (Cambridge PC)  
Callahan, R. V. (Brampton L)  
Cousens, W. D. (York Centre PC)  
Epp, H. A. (Waterloo North L)  
Mancini, R. (Essex South L)  
Philip, E. T. (Etobicoke NDP)  
Pope, A. W. (Cochrane South PC)  
Smith, D. W. (Lambton L)  
Wildman, B. (Algoma NDP)

Substitution:

Henderson, D. J. (Humber L) for Mr. Mancini

Clerk: Arnott, D.

Staff:

MacDonald, W., Research Officer, Legislative Research Service

Witness:

From the Office of the Provincial Auditor:  
Archer, D. F., Provincial Auditor



LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 18, 1937

The committee met at 10:09 a.m. in room 151.

FUND-RAISING  
(continued)

Mr. Chairman: The standing committee on public accounts will come to order. We have a full agenda. The first matter on our agenda is the motion of Mr. Gillies which we began to debate last week. At the closing of the meeting I still had a number of speakers who wished to have input. Mr. Pope?

Mr. Pope: Since last week, there has been remarkable progress on behalf of the Liberal Party, so I presume this is going to be over rather briefly. Mr. Elston on Monday night agreed to appear before the committee. He was on television and indicated to the public of this province that he was perfectly willing to appear before the committee with any staff and any documentation and deal with the issue of expenditure of public moneys. I presume this motion can now go forward and we can vote right now and get this over with.

Mr. Philip: Take the vote then.

Mr. Epp: What is this?

Mr. Chairman: Don't get too upset.

Mr. Philip: The Minister of Health (Mr. Elston) agreed to appear so I am sure you would not want to oppose the wishes of your minister. He wants to set the record straight.

Mr. Chairman: Mr. Pope has the floor.

Mr. Epp: We will let the Pope have it.

Mr. Pope: I think it is appropriate that he come next week with all his documents and all his staff so we can see what went on. Mr. Elston's position was that you could get the names of chairmen of hospital boards from any phone book in the province. I have checked in a number of phone books. I would like to see how he can do that, since there is no listing of the board of directors or the chairmen of hospitals in any phone book we have ever seen.

It is clear where he got the list from. Who are we kidding? He got the names from the ministry mailing list. It is clear he used the government logo. It is clear these were printed and we will see who paid for the printing costs. There is no mention on the invitation of his own riding association. A letter from his riding president was sent out after the fact of the invitations. It is clear it is an invitation to meet the Minister of Health, not an invitation to attend a Liberal Party fund-raising event sponsored by the Huron-Bruce Liberal Association.

I think everything is so obvious that the only matter that has to be dealt with is how much of the public's money was spent on this misadventure;

yet another misadventure by the Liberal government. It is not an isolated instance. The Attorney General (Mr. Scott) did likewise with the lawyers in the Ottawa region. The then Chairman of Management Board, the member for Oriole (Ms. Caplan), did the same thing with contractors and others in the city of Toronto, with the help of Mr. Fleischmann.

We have had numerous examples of this kind of pirating of government lists for the benefit of the Ontario Liberal Party; a Minister of Health who has a fund-raising dinner 150 miles from his home riding and tries to say it is for his own personal use and then changes his tune and says part of it is going to the party coffers.

Mr. Epp: I remember Claude Bennett doing the same thing.

Mr. Pope: I can tell you one thing. I was Minister of Health and Minister of Natural Resources. I raised money using local people in my riding. That is where my fund-raising functions were. I did not use ministry mailing lists the way you Liberals seem to want to. If you think it is proper and you want to defend it, if that is where your morality is these days as politicians, you go ahead and do it, but we do not intend to countenance it and it is time we got to the bottom of some of this nonsense.

Mr. Epp: Let us call in Claude Bennett to see what he did as Minister of Housing.

Mr. Chairman: Order. Mr. Callahan.

Mr. Callahan: At the last meeting, the third party and the opposition party voted for the issuance of a Speaker's warrant. Do I gather from what is now being said that is not to be? I want to address that because it gives me some concern about the use of that. You are not suggesting, Mr. Pope, that there is a--

Mr. Chairman: It is not related to Mr. Gillies's motion. Mr. Gillies's motion is on section A, attachment A.

Mr. Callahan: I think perhaps it is worth--I have an article that came out of the Globe and Mail. Is Denise Harrington with the Globe and Mail? No, she is with the Toronto Star. Her report in yesterday's paper quite clearly says that officials of at least two large organizations--and one of them seems to be a very familiar name: Dr. Scully, president of the Ontario Medical Association. He and David Surplis, associate executive director of the Ontario Dental Association, both of whom were at the function, indicated in the press report--and I gather it is accurate; Denise is a very thorough young lady reporter--that they attended such receptions regularly and see nothing wrong with the practice. "'The position I take...is that if it's important for the head of the profession to be at something like this, we'll be here,' said Dr. Hugh Scully, president of the Ontario Medical Association."

Mr. Pope: I never invited him when I was Health minister.

Mr. Callahan: Could I continue, Mr. Pope?

"Staff and elected executive members of the association, which represents 17,000 doctors in the province, attend political functions often, Scully said, adding that he will be at a fund-raiser for Tory leader Larry Grossman later this week.



"Elston, like previous health ministers, 'has always been very accessible,' Scully said." I presume he was talking about you as well, Mr. Pope.

Mr. Pope: I did not force him to pay \$200 to talk to me.

Mr. Epp: Nobody forced him.

Mr. Callahan: Could I continue?

The press report continues: "Certainly the reason for being here is not to buy accessibility....I can meet with Murray Elston just about any day.

"David Surplis, associate executive director of the Ontario Dental Association said: 'All associations do this kind of thing.'"

Mr. Epp: He should know. He was the former research director for the Tory party.

Mr. Pope: Scully really thought that way last spring.

Mr. Callahan: That lends even greater credence to it, Mr. Pope, because if he is still mad at us, why would he ever make that statement? You are talking about someone who would have every reason to crucify this government if he was not telling you the honest facts.

Mr. Pope: You think so?

Mr. Callahan: Of course I do.

"Elston rejected criticism of the reception, saying, 'I've had a number of people who've said we didn't send out enough invitations.'"

I go back to what Mr. Pope is saying. I think that Dr. Scully is probably one of the best witnesses you could get. In fact, going to this event had nothing to do with a requirement that if you do not go, you are not going to have access to the minister. In the light of this, we should have some of the best evidence in here. Perhaps Dr. Scully should be here to be cross-examined skillfully by Mr. Pope as to his comments.

Mr. Pope: Agreed. Let's invite everyone who was there.

Mr. Callahan: If I can put it without offending my honourable colleague, he should have his fishing rod and reel out when he talks about these things because it comes very difficult out of the mouth of a member of a party that--had the opposition parties in those days been as great fishermen, they might have dragged out a lot of those things.

I really think it becomes pretty sleazy to sit here as a public accounts committee and suggest that this type of activity is of a nature that it has to be reviewed by the public accounts committee, particularly when you have the comments that have been reported by Denise Harrington in the Toronto Star. It just does not make any sense to me.

Maybe the public would like to investigate whether their honourable members are using their tax dollars wisely by wasting the time of committees and bringing all sorts of people in here to simply fish for a political sleaze type of atmosphere so you can try to establish some issues--

Mr. Pope: There speaks an expert.

Mr. Cousens: On a point of order, Mr. Chairman: I think the honourable member has just verged on the dishonest side. We are dealing with very good evidence that does not even talk about the kind of thing that he is. We are saying there is evidence of almost a dishonest action by a minister, spending government funds for personal political things. He is completely trying to miss the point.

Mr. Chairman: I am not going to recognize it as a point of order.

Mr. Epp: On a point of order, Mr. Chairman: I want to make sure the committee understands that there has been a request here that this committee look into it. There has been no establishment of any wrongdoing on the part of Mr. Elston or anyone else.

Mr. Chairman: That is not a point of order either.

Mr. Epp: That is absolutely the case. Before these people--

Mr. Chairman: Let's have some order, please.

Mr. Philip: We have had two points of order that have not been points of order.

Mr. Chairman: Let us calm down a bit before we get going as we usually get going every Thursday morning. I want to caution all members to watch their language. I think there is a temptation on the part of all parties here to use extreme language. We can make our points without resorting to that. I encourage you to temper your language.

1020

Mr. Callahan: I will redirect, Mr. Chairman.

The reason I started off with the question of the Speaker's warrant, I know it is something we dealt with last week, but I really have some concerns about the effectiveness and the maintaining of the high respect and the sort of last resort of Speaker's warrants being used.

I know it is not suggested we are going to use one here, because Mr. Elston has said he will come before this committee, but I really think it gets to the stage where we each call one another honourable member in the House but, for reasons known only to the particular political party that raises them, we are trying to create an aura out there for the press or for the people watching on television that we are not honourable members. I do not think we should do that lightly. I really think it makes us look demeaning.

I thought it was important to bring to your attention the report in the Toronto Star. I am sure there were other direct reports to that effect, of people who were there at that cocktail party. I would think there are enough people out there perhaps that a government that is on the move, that makes decisions not because they are popular but because they are decisions that need to be made for the people of this province--a great number of people who would just love to cut us off at the knees, who might have been invited to that cocktail party and who might be very willing to say, "Oh, yes, I came because if I hadn't come, I wouldn't get anything from the Ministry of Health."

I am sure Denise Harrington went around that cocktail party and did not



just speak to Scully and Surplis. She must have spoken to a number of other people at that party and she did not come up with solid evidence, or any evidence for that matter, by fact or innuendo, that she could state that in any way, shape or form these people were pressured or had their arms twisted or whatever else.

I find it interesting that if any one of us invites the wrong people to our fund-raising parties, Mr. Pope and others are going to say, "You did it because they wanted access to you, as the member for that riding." Each time one of us sends out a fund-raising letter to a constituent in our riding--do you suppose all of them wind up coming because they like Alan Pope or they dearly want to meet with Alan Pope because they cannot meet him down at the bus stop or out on the hustings or wherever else? They come for a whole myriad of reasons. Nobody can interpret what those reasons are.

I really think it makes this committee look a little less effective and a little less professional, in that you try to look under every rock, just try to find something so that you can score political points out of it. I think that is demeaning. I think the people of Ontario will form their own judgements as to the reasons why it is done.

Having said that, the minister has indicated he is prepared to come, and I think that probably solves the nature of Mr. Gillies's fishing motion.

Mr. Philip: I have heard a lot of ridiculous statements in my life, but that takes the cake. What the previous speaker is trying to have us imagine is that if someone felt coerced, as a hospital administrator who is waiting for funds for those extra beds may well have felt, somehow he would show up at the banquet and then admit to CBC cameras: "Yes, I am here under pressure. I really was afraid that if I did not come, I would not get the money." If he felt coerced in the first place, he is hardly going to go around saying to reporters, "Yes, I am here under pressure."

The member talks about sending out letters to constituents, but these were not sent to constituents. These were sent to people who were dependent on that ministry for grants, who were across the province, who did not live in the minister's home riding, and the list of whom had to be obtained through the use of public funds or through the use of public servants. That is quite different from sending out a mailing list to every manufacturer in your riding or every trade union leader or every community leader, and so forth.

The suggestion that, because Scully goes to a number of banquets, that somehow exonerates the minister is also foolish. Scully is a public figure. He is every bit as much a public figure as the chairman of Metro, the president of the Ontario Federation of Labour or the president of the Canadian Manufacturers' Association. Public figures naturally attend these functions; they do that anyway. There is quite a difference between that and a hospital administrator, who is essentially a public servant, or a volunteer on a board of directors who is the chairman of a board of directors of a hospital and who has an application in for extra funding.

In the case of my own hospital--and I am pleased that one of the members of the Liberal caucus is also on the board; he can verify this if he wishes to call the administrator--the administrator of the Etobicoke General Hospital was incensed at this. He said he had never received any letter like this from any Minister of Health. Obviously, Mr. Pope had not sent him a letter, because he was the administrator when Mr. Pope was the minister. It is fine for the Liberals to say the Minister of Housing did it. I do not know what that refers

to. I was Housing critic. I did not run into an instance, but maybe they have documentation of it.

If the Minister of Housing did that, it is wrong. It does not make it right if one isolated Conservative cabinet minister may have acted in a wrongful manner. Doing this is wrong. It is wrong because of the use of public funds, but it is even more wrong--we are probably talking about nickels and dimes in terms of public funds--in the sense that if you are sending invitations to those people who are vulnerable, to those people who are depending on you as a minister, then you are using power incorrectly. I find that a lot more offensive than whether they may have wasted \$50 by having some public servant type up a list or take an hour or two hours to type up labels or something. I find the coercive aspect of it a lot more offensive than the fact that a few dollars of public funds may have been spent.

I am pleased the minister has agreed. Of course, the minister had very little option. It would have carried anyway. I find the defence, or the attempted defence, by the Liberals boggles the mind. Never, in the 42 years of Conservative government rule I know of, have I seen a more blatant misuse of power.

Mr. D. W. Smith: You are not that old.

Mr. Philip: I am 47. I was a bright kid.

Mr. D. W. Smith: You cannot remember it all, though.

Mr. Philip: I took on politics at a very early age. If I could reincarnate my aunt, who taught me politics at the age of three, four or five, then you would know why I was interested in politics at the age of seven.

I just find the whole thing quite revolting and I think the minister owes the public accounts committee and the public an apology. I am hoping he will have the good grace at least to use the public accounts committee, since he has not yet decided to use the House, to apologize, not to us but to the public and, more particularly, to the hospital administrators and boards of directors across the province who give of their time so freely and spend so much time helping the hospitals. Some of them, I can tell you frankly, feel quite offended by the actions of the minister.

Mr. Gillies: The subject matter of this motion could be most helpful to the public and the Legislature and it would be most appropriate that this committee carry it. I say that with the knowledge that, in a couple of ways, this sort of issue does not arise in a vacuum.

For the last couple of years, various members of the House have expressed concern about some of the fund-raising techniques being employed by the current Liberal government. I say to my colleagues behind me, this is not the first time. There was a huge furore over the Liberal Economic Advisory Forum program setup, where it was going to cost people \$1,000 to gain access to members of the government, particularly the Premier (Mr. Peterson). We have seen past fund-raising endeavours where people involved in advertising, tendering for advertising contracts with the Ontario government, were being asked to pay \$250 a head to have breakfast with that minister. We have seen other expressions of concern about these fund-raising techniques.

I urge my friends, I know you disagree with the motion, but I urge you to look at it in the context of a pattern of behaviour, not an isolated incident.



1030

This issue also does not arise in a vacuum in terms of some members of the opposition sitting around and deciding it was inappropriate or presuming that it offended people and raising it on that basis, because we have had numerous calls. We have had numerous examples of hospital administrators being offended and feeling they were being compromised by this fund-raising technique. It was raised in the House by members of the New Democratic Party: you had nursing home employees who had tried to gain a meeting with the Minister of Health for months and months and months, unsuccessfully, then receiving an invitation to this function. There are such other examples.

What we have to ask ourselves on behalf of the public is whether the government--and I will be as charitable as I can--is deliberately or even inadvertently creating a situation where people in this province feel they have to expend funds in order to gain access to members of the government. I am sure my Liberal friends would agree that even if it is not a deliberate pattern but something that has been fallen into inadvertently, it is still a very serious and unfortunate situation.

By bringing this matter forward and discussing it in this committee, I believe a point can be made in a very public and pointed way that this is not appropriate, and we can perhaps reverse this particular pattern of behaviour.

I would suggest, too, that the question of the expenditure of public funds, which is entirely the responsibility and purview of this committee, becomes very important. We have heard evidence put forward in the House that at least part of this fund-raising endeavour was organized by staff members.

Mr. Callahan: After hours.

Mr. Gillies: You are quite right, Mr. Callahan. There will be a debate as to whether it was done after hours or during the time that belongs to the people of Ontario. I would suggest that the evidence regarding the use of that staff time can be brought forward to this committee as part of the inquiry. The question of mailing, the question of whether invitations went out of the minister's or the parliamentary assistant's office or out of Liberal headquarters, where they rightly should originate, can be very expediently dealt with in this hearing. So why not do it?

Mr. Callahan: What about the Amway operation out of the office of one of your colleagues? Will you bring that here, too?

Mr. Gillies: The other point, as has already been discussed in the committee, is that the minister has indicated he is quite happy to come before the committee and make a clean breast of this affair. I think we can accommodate him by the passage of this motion. I think it would be a very helpful and very positive indication to the minister of our wish to get to the bottom of this if this motion passed unanimously.

Unfortunately, I sense that the minister appears to have more of an interest in having this matter aired than do my colleagues behind me. I would urge them to show the same kind of magnanimity the minister showed in his remarks on television on Monday evening, and let us pass this motion unanimously, deal with it very expediently and make a very clear point in this committee: that point is that political parties can engage in whatever legitimate and lawful fund-raising activities are available to them but that those fund-raising activities should not include the use of ministry mailing

lists, the mass invitations to people who are dependent on a minister for their funding and their livelihood and for legislation which has a direct bearing on their profession.

That is not appropriate. It has not been done in that way in the past, and if that is becoming a trend, then I think we can make the point in this committee and try to have that trend reversed.

Mr. Epp: There are two or three points I want to make. One is the fact that there has been no proof shown yet before this committee that any public funds were used for this purpose. We are dealing with a matter here, where there have been a lot of loose accusations made, a lot of loose talk about inappropriateness on the part of the minister. Yet there has been no proof ever revealed before this committee that there has been inappropriateness.

We are talking about a list that was made available to the minister, which he used, probably. We are told he used it. It is available at the government bookstore and it is available to every citizen of the province of Ontario. We are saying here that, because he is Health minister, he should not use the list, but it is available to other people to use.

The other important point here is that the minister had people from the health disciplines or people who work in the health area at his fund-raiser and invited some of them. Does that mean he cannot invite people in the health area to come to his fund-raiser? I know a manufacturer from my own area who was at the fund-raiser. He is not a doctor and he was there. Other people were there: lawyers, builders, developers and so forth.

Interjection: Medical people.

Mr. Epp: There were medical people there. There were a lot of people there. It was by no means an exclusive medical area that went to this fund-raiser. To say all of a sudden, "Look, you can invite everybody else, but you cannot invite people from the health disciplines area" is wrong. It is stupid, to say the least.

The other thing is that the official opposition has tried to leave the impression with the people of this province that this is something that was not countenanced by their own colleagues when they were in government. I can tell you, as a matter of fact, that the former Minister of Housing--

Mr. Callahan: Claude Bennett?

Mr. Epp: --Claude Bennett, during the time he was Minister of Housing, had numerous fund-raising events at which he had a lot of builders and developers. The former Minister of Health, Mr. Timbrell, had a number of fund-raisers to which he invited a lot of doctors. The former Minister of Health, Mr. Grossman, had a number of fund-raisers at which he had a good number of doctors. To try to give the impression to the people of Ontario--

Mr. Wildman: My mother used to say, "Two wrongs don't make a right."

Mr. Epp: To try to give the impression, as the official opposition is trying to do, that to invite people in your area of responsibility is something unique to this government and is not done by the Tories in Ottawa and was not done by the Tories in this province is wrong. That is the impression that is left.



Now, I will say--

Mr. Wildman: I never said that. I think both of you are wrong.

Mr. Epp: I said the official opposition is trying to leave that impression. What I am saying to you is, "Let's get a proper perspective on this thing." Sure, we should invite Mr. Elston to come before this committee, but let's invite Mr. Grossman when he was Minister of Health; let's invite Mr. Timbrell when he was Minister of Health; let's invite Mr. Bennett; let's invite some others--

Mr. Callahan: How about Michael Wilson, too?

Mr. Epp: --because the impression the official opposition has tried to leave with the people of Ontario is that this is something unique that has happened only in the last two years, and that is the wrong impression.

I do not think there is anything wrong in a Minister of Health inviting people from the health disciplines to a fund-raiser. I do not think there is anything wrong in him inviting people from the building industry. I do not think there is anything wrong in anybody else inviting people from a list that is available to the public of Ontario.

That is the case, and nobody yet has made the case here that that list is not available to every citizen of the province. In fact, it is available to the citizens of the province. The only difference is that the Health minister took advantage of it and it has been made public. The fact that other members have taken advantage of it has not been made public. There is something awfully wrong here when a false impression is trying to be left with the public of Ontario.

One of the interesting things was, when you read the articles in the newspaper on the fund-raiser last Monday, there was a David Surplis there. He did not think anything was wrong with that. Mr. Surplis, for everybody's benefit, used to work for Tory research. He also used to work for--

Mr. Wildman: Until he was surplus.

Mr. Epp: Pun unintended, I am sure.

Also, he used to work for Mr. Timbrell. Now, if you are going to want to get a balance of these things, let's call Mr. Grossman, Mr. Bennett and Mr. Timbrell before the committee to get--

Mr. Gillies: What does Mr. Surplis do now? Why don't you complete the record on that?

Mr. Epp: I did not ask him.

1040

Mr. Gillies: Just for the record, he is now an associate executive director of the Ontario Dental Association, an agency which I hear has no interest in maintaining a good relationship with the Liberal Minister of Health.

Mr. Callahan: Has he turned in his card to the Tory party?

Mr. Chairman: Mr. Gillies, you have clarified that. Mr. Epp still has the floor.

Mr. Callahan: Has he joined the Liberals? Is that what you are saying?

Mr. D. W. Smith: He has seen the light.

Mr. Epp: This particular motion should not be taking up the time of this committee because of the fact that it is something on which no proof has in fact been shown. The committee has not had any documents or anything put before it. All we have had so far are some loose accusations on the part of some members.

Mr. Cousens: There is nothing loose about what was said by Mr. Pope.

Mr. Chairman: Mr. Cousens, control yourself, please.

Mr. Callahan: I would hate to see what your definition of "tight" is.

Mr. Cousens: You are just wasting the time of the committee right now.

Mr. Chairman: Mr. Epp, do you want to continue, please?

Mr. Epp: I believe we should deal with some of the other matters which my colleagues on this committee have suggested are very important and which they have kept wanting to go back to. It is unfortunate that this particular item is using up the time of the committee when no evidence has come before the committee to show any wrongdoing on behalf of the Minister of Health or anyone else.

Mr. Chairman: I have two more members who have indicated an interest in speaking, Mr. Wildman and Mr. Philip, who has indicated he would like to make some additional comments.

Mr. Philip: I just have a question.

Mr. Wildman: I will be very brief. I am intrigued by the line of defence taken by Mr. Epp, which seems to be that you can do a wrong if you can show that other people have done it before you, which is a rather strange defence to be taking.

Mr. Philip: If you use that in court, you go to jail.

Mr. Wildman: I do not quite understand. He seems to be saying it is standard practice in politics in this province, and I suppose elsewhere, to use one's position in government to be able to raise political funds from people who have interests in the field for which one is responsible. If that is Mr. Epp's defence, I think it is rather weak and a most unfortunate one.

In the past, I will concede, there has been evidence of ministers of the crown who have had fund-raisers and invited people in the private and public sectors who had an interest in the field, probably people they would not have invited or perhaps would not even have met if they had not been appointed to that particular portfolio. I concede that has happened in the past. That does not make it right.

To suggest that because it may have happened in the past, it is okay to do it now, confirms what many people, unfortunately, believe about politicians and politics. I think we should be doing all we can to change that.



Mr. Epp: On a point of order, Mr. Chairman.

Mr. Chairman: I hope this is a legitimate point of order.

Mr. Epp: I want to make it absolutely clear that I did not say this was okay because it had happened in the past. I said it was not an exclusive list.

Mr. Chairman: That is not a point of order. You may have an opportunity later. We have not finished the discussion.

Mr. Wildman: If I have misinterpreted what was said, then I can only conclude that what Mr. Epp was suggesting when he said, "Let's call Mr. Timbrell, Mr. Grossman and others before the committee" is that we should expand rather than curtail this inquiry. Instead of just looking at the particular incident involving Mr. Elston, we should expand it to look at all such incidents. If Mr. Epp is suggesting that, I would be supportive.

Mr. Chairman: All right. I have two more speakers on the list and I remind members they have all indicated a desire to see this dealt with quickly. We are now getting into the second time around. Mr. Callahan?

Mr. Callahan: Briefly, Mr. Chairman, if Mr. Wildman took that impression from Mr. Epp's comments, I do not. I, for one, am a strong believer that two wrongs do not make a right. If there was something wrong in it, then it should not have been done. But what you are doing is jumping a step.

We are inviting the minister to come here and yet what you are saying--I think you can think about it, Bud--you are already saying what he did was wrong. I think that is a mistake. I think to take the position that a minister of the crown, in inviting people to a fund-raiser, would have to go back to his riding and invite the local people in his riding and then have complaints from others who perhaps wanted to meet with the minister on a particular occasion, an informal occasion, and have to travel all the way out to wherever it is, I guess Wingham, to meet with him--to me it makes no sense at all.

I think the proof is in the pudding. If you have people who truly believe that going or not going to that fund-raiser was going to have some impact on whether they got or did not get a service, then I am sure you would hear them screaming from the rooftops. Thus far, all I have heard are suggestions by Mr. Philip that a couple of people he has talked to have said that. I guess the thing that initiated this was a young lady who was a nurse who interpreted the letter in a way it could be interpreted, I suppose, and there was an outcry.

But I do not hear a great, huge outcry from people. The question is, why would they complain? If they have come to the fund-raiser, why would they complain to the press as they are wandering around there? Because they have already come, supposedly, on the assumption being put by this committee, for the reason of getting some benefit. So why would they talk to the press?

I would suggest to all the members here, in looking at it in a reasonable fashion, that if they decided there was something inappropriate in it, they could have sent in their \$200 or whatever, stayed home and raised a stink if they had wanted to. They could have done it anonymously to the newspapers. It is done every day, but you do not see that.

I think that is the very essence that causes me concern: the factor that

we are creating the perception, in advance of even having the minister here or any other members--maybe Mr. Grossman has a perfectly justifiable reason for what he did and the press at that time scrutinized whether these people felt they were getting any benefit from meeting with Mr. Grossman. It was the same thing with Mr. Timbrell. I consider those people to be honourable people and I would expect that when they did this, if there was the slightest indication that this was going to have an effect on what they got or did not get--I would agree with you that is wrong and, as politicians, that is not to be done.

But you have got the closest scrutiny. The press is the watchdog of all of us. My reading of the one article--the only one I could find was by Denise Harrington, but I presume there was a whole host of reporters at that fund-raiser--indicates to me in a clear fashion that at least two of the prominent people she spoke with that night--again, I have to go back. My view has always been that if you talk to witnesses or you interview people who have a reason, perhaps, through a difficult confrontation with the government--that if there was any suggestion of that, those would be the people who would speak out most forcefully.

I have to say with all respect that Dr. Scully--I do not know Mr. Surplis--certainly would have been someone who would have been very candid. Mr. Surplis, from what Mr. Epp told me, and I did not know before, was apparently very involved as a researcher or whatever with the Conservative Party before. Has he turned in his membership or what, or is this man telling the truth?

I think by this whole suggestion we are saying that Dr. Scully and Mr. Surplis are--I will not use the word "lying"--certainly being less than candid when they answered the questions by Denise Harrington. I have been interviewed by Denise and I think others have.

Mr. Wildman: Surely they are going to the Minister of Health's fund-raiser, not Murray Elston's? There is a difference.

Mr. Callahan: I have to say that what we are doing is not just questioning the integrity of the letter; we are questioning the integrity of these two people who were interviewed by this reporter and saying they were not being candid with her. Maybe they were not, I do not know. But we are getting far afield, to the point where we are using this public accounts committee in a way that I would say is not even suggested by the standing orders, because the standing orders clearly call for a question of public moneys being used in an inappropriate fashion.

1050

I know at the last meeting, or the meeting before, you guys voted that there had been precedents set where you could literally go on a witchhunt of anything. That is wrong. I think what we are in fact doing is turning this committee into a committee that jumps at every possible innuendo, whisper and rumour. In some respects, I think the people of Ontario have to judge whether it is done just simply for crass political reasons.

I understand this. I understand that we are all politicians down here. But I also suggest to you gentlemen that every time we do this, every time we use this committee for rumour, innuendo, inappropriate inference and nonsignificant evidence, we weaken the power of this committee to the point where one day we will be investigating something that is a very serious concern and we will not be able to get to the bottom of it. We will have



difficulty because we have in fact weakened the institution of this public accounts committee, so I caution you.

I know that we are all politicians and I know that part of it is playing the political game to try to slam the government. I suppose the opposition has the right to do that but, please, if you are going to weaken the institutions of parliament in terms of our committees in the Legislature, you are playing with dynamite.

Mr. Philip: I am sorry that Mr. Callahan does not see this as a serious concern. I am sorry that he does not see that what we are dealing with are the ethics of a government. I am sorry that Mr. Epp, who says we do not have any facts, suddenly says it is okay because the previous Minister of Health, Mr. Grossman, somehow did this.

Maybe Mr. Epp can supply us with some facts. I do not doubt that there were doctors at Mr. Grossman's fund-raisers. I do not doubt that Mr. Pope had fund-raisers at which there may have been doctors. There are Progressive Conservative members who happen to be doctors or vice versa.

I can tell you I am willing to bet that Mr. Epp cannot table with this committee any evidence that suggests that Mr. Grossman sent letters to hospital administrators, to boards across the province, to doctors he had not had some kind of association with, or at least some kind of acquaintance or friendship with, or to people who were relying on him to make a decision regarding their funding.

That is where the crucial issue is. It is not whether there were doctors there. We expect the president or the vice-president of the Canadian Dental Association to attend a number of political functions for all parties probably. We expect public figures, but these are not public figures. The administrator of a hospital is not, to me, a public figure. To suggest that somehow Mr. Grossman did this, I find is less than honest. I know of no instance where Mr. Grossman or Mr. Pope sent out letters to people who were vulnerable to them and asked for funds if those people were not constituents or were not somehow friends or associated with their party.

If we want to get the facts in, I challenge Mr. Epp to table those facts. Even if he did table the facts and even if he proved that Mr. Grossman, as Minister of Health, did an identically set of actions, then I wonder about the ethics that Mr. Callahan has in saying that there is somehow nothing unethical about it.

Mr. Callahan: On a point of privilege, Mr. Chairman: I said if it was found that it was inappropriate and wrong, that was not a justification for doing it. I take great umbrage with that, Mr. Philip.

Mr. Philip: If one takes that sentence though--

Mr. Callahan: If that is what you are saying, then my privileges are being abused by the comment you are making. I did not say that.

Mr. Philip: If one takes Mr. Callahan's last sentence and analyses it, and he said, "If it was found that it was inappropriate," then that immediately suggests to me that he has not found it inappropriate. I say to you, Mr. Callahan, that I find it very inappropriate that a minister of the crown should have fund-raising letters sent to people who are depending on that minister for funding, people he does not know, people he is doing business with. I say this is a conflict of interest.

Mr. Callahan: Why are we calling the minister if you have already made up your mind?

Mr. Chairman: Order, please. Let us keep moving along here.

Mr. Philip: To find out exactly how it happened and to give him an opportunity to apologize to the public.

Mr. Chairman: Order. Let us not have any more of these cross-committee discussions. Let us get on with the debate and move on to other matters on our agenda.

Mr. Philip: What we have here is a pattern. I have not seen this pattern before. I have a lawyer with whom I do personal business who, when I called him on a personal matter the other day, said: "You will never guess what happened. I got a call from somebody who said that she was from the Liberal Party. She said to me, 'Would you like to make a donation to our party?' I said: 'I have never supported your party. Why should I fund a party that I am not supporting, never have, and certainly will not be in the next election?'"

Mr. Chairman: To bring you to order, Mr. Philip. Is this related in any way, shape or form to the motion that is in front of us?

Mr. Philip: It is related to the pattern that I think that if--

Mr. Chairman: I am not going to allow this to continue.

Mr. Philip: Mr. Gillies talked about the pattern. You did not stop him.

Mr. Chairman: I am afraid the whole debate is deteriorating as usual. I would like you to confine your remarks to the motion in front of the committee.

Mr. Philip: I will complete in less time than you will call me out of order if you give me my 30 seconds to finish.

Mr. Chairman: No, I am not going to. You can confine your remarks to the motion in front of us. Then I am going to ask Mr. Smith to do the same.

Mr. Philip: The motion in front of us then, if I may read it, just to make sure that you understand it: "The subcommittee agreed to recommend that subject to approval--

Mr. Epp: Mr. Chairman, that is an insult to the chair.

Mr. Chairman: Listen, Mr. Epp, don't you bother jumping to my defence, as you usually take to the defence of other members--

Mr. Epp: I think the chair needs to be defended. We tried to defend you last week.

Mr. Chairman: Order, please.

Mr. Epp: That is an insult to the chair.

Mr. Chairman: Order, please. Apparently, my skin is a little thicker



than yours. I am quite accustomed to Mr. Philip's comments and they do not bother me in the least. Go ahead, Mr. Philip.

Mr. Philip: The committee is dealing with a motion concerning whether it is appropriate for a minister of the crown to have invited to a fund-raiser people who are vulnerable to coercion or vulnerable to any kind of favours from that government directly or from that particular ministry. What I am doing is giving you the analogy in which not only in this ministry but also in the case of lawyers--when this lawyer said, "I do not support your party"--

Mr. Chairman: Order, please. Confine yourself to the specific motion, which deals with the June 15 fund-raiser, to determine if public funds have been expended inappropriately. That is all we are talking about, whether the committee should be investigating this. We are going on at length, really going nowhere. I think there was an understanding at the outset that the Minister of Health has indicated a willingness to appear. At that point, we can thoroughly peruse the matter.

I think we are going nowhere in this discussion and I do not want you to go away from the motion or the intent of this motion. So confine your remarks to that, please.

Mr. Philip: The argument I am trying to make is that the reason this is so serious is that it is not an isolated case. There is a pattern of cases.

Mr. Chairman: I appreciate that. This point has been made by a number of speakers, including yourself. Now confine yourself to the motion.

Mr. Philip: The rules of the House are that a member can make the same point as another member if he wishes to reinforce it. Now I am sure that you are aware of the rules of the House, and if you are, then I think I have a right to comment on Mr. Gillies's excellent point that there is a pattern--

Mr. Chairman: I am finding you out of order. I want you to confine yourself to the intent of this motion and that is it.

Mr. Philip: May I ask you a question then on your point of order, Mr. Chairman? Why am I out of order when I deal with the same matter that both Mr. Pope and Mr. Gillies have dealt with?

Mr. Chairman: It may have occurred earlier. I may have been in discussion with the clerk and it missed my attention. In any event, I would like to see us get on with this.

Mr. Philip: I know that you were listening very intently to Mr. Gillies and Mr. Pope. I saw you watching and listening and that could not possibly have happened.

Mr. Chairman: In any event, Mr. Philip, if you want to challenge the ruling of the chair, you are quite welcome to do so and delay proceedings even further.

Mr. Philip: You are the one who is delaying. I would have completed my remarks 30 seconds ago.

Mr. Chairman: I think the point has been made by all parties present here this morning. I do not think there is any point in prolonging this any further.

Mr. Philip: I would have been finished five minutes ago if you had not insisted on prolonging this.

Mr. Chairman: In any event, I am not going to prolong it.

Mr. Philip: If you want to be silly, then go ahead.

Mr. Chairman: You are the expert on that.

1100

Mr. D. W. Smith: I have listened very intently to this debate. As a new member, it is hard to follow some of the discussion from time to time, but I guess I feel we are making this issue much larger than it should be. I feel almost that we are abusing the committee's time in taking up so much time on how we go about fund-raisers.

I think the word that is in this motion, and as I say, I have listened to everybody or tried to listen to everybody, when you have the word "investigate" in there, it sounds like this is a much larger problem than it really is.

Mr. Philip: Of course it is. Look at all the lawyers who are being telephoned.

Mr. D. W. Smith: I can think of different times I have been questioned on the way people raise funds. For instance, I can think of the letter that was sent out from the third party on insurance. They were almost challenging the people there.

I would like to move an amendment to this motion and delete the word "investigate" and add the word "appear," because the minister has said he will appear, but I think we are using a word that is much worse than the case really warrants. If we are going to investigate the Minister of Health's fund-raisers, then maybe we should investigate some other methods of fund-raising as well. I would like to move an amendment that we take out the word "investigate" and just have the minister appear, as he has said he would, because to me, this has gone away beyond the committee's use of time. I would have to use that word.

Mr. Chairman: Mr. Smith, are you suggesting that the wording of the motion would be that the minister "appear" in respect to the June fund-raiser?

Mr. D. W. Smith: After listening to all this discussion here, it seems that if we are going to investigate the minister, then I think we should investigate some other ways of fund-raising as well. I do not think it is that large an issue, so if we use the word "appear" instead of the word "investigate," it will be much more apropos.

Mr. Chairman: Give us the wording of your amendment. What are you proposing specifically?

Mr. D. W. Smith: That the standing committee on public accounts ask the member for Huron-Bruce to appear, not that we "investigate." I do not like that word in there at all.

Mr. Chairman: Appear for what purpose?

Mr. D. W. Smith: To talk about his fund-raising. That is what we are discussing, is it not, his methods of fund-raising?



Mr. Chairman: You are suggesting that--

Mr. D. W. Smith: The words are so strong here, that we "investigate the member."

Mr. Chairman: I want to get this clear. You are suggesting that the standing committee on public accounts request the member for Huron-Bruce to appear before the committee to determine, I gather, if his June 15 fund-raiser--

Mr. D. W. Smith: I just do not like the word "investigate" in there, because if we are going to investigate him, I think we should investigate other methods of fund-raising. As I mentioned, the third party--

Mr. Chairman: If I am understanding your intent correctly, I do not see it as being a disagreement with the original intent of the motion. You are simply removing the word "investigate" and replacing it with the word "appear." The essence of the motion remains to determine if public funds "have been expended inappropriately." Is that what you are suggesting?

Mr. D. W. Smith: Appear to discuss whether they have been expended inappropriately. I just think the word "investigate" is too harsh.

Mr. Chairman: All right. We will accept that as an amendment, because I do not see it really substantively changing the intent of the motion.

Mr. D. W. Smith: If the clerk can maybe make it in the appropriate fashion--it just seems the word "investigate" is too blatant in this.

Mr. Callahan: Is that a friendly amendment?

Mr. Chairman: We have the amendment. We should have the amendment read so that everyone is clear on just what we are saying here.

Mr. D. W. Smith: I just do not like that choice of wording. Maybe the clerk can put it in the right phrasing here so that the word "appear" instead of the word "investigate" is there.

Clerk of the Committee: How does this sound?

"I move that the standing committee on public accounts request the member for Huron-Bruce to appear before the committee with respect to the June 15 fund-raiser to determine if public funds with respect to resources and staff time have been expended inappropriately."

Mr. Philip: On a point of order, Mr. Chairman: I ask that you rule on whether or not the motion is in order. It is my contention that this amendment changes the intent of the motion, and you cannot have an amendment that in fact changes the intent of the motion. Simply having the minister come around for a little chat is different than investigating his actions in this specific instance. It therefore is a change in the intent of the motion and I suggest it is out of order.

Mr. Gillies: Speaking to the point, I am of a mind with Mr. Philip. The reason I did not accept Mr. Smith's amendment as a friendly amendment was that I think it does change what I intended with my original motion. I do not think the members should be unduly concerned about the use of the word "investigate," which is a very standard word that we have used in a number of

motions. It does not necessarily entail a lengthy process. The general usage of the word "investigate" would be to get to the bottom of something. Certainly, part of that process would be to have the minister come in and chat, if you will, about his fund-raiser, but part of that process would also be members of the committee chatting back and questioning the minister about his activities in this regard. I think the word "investigate" is appropriate and I will not be supporting the amendment.

Mr. Epp: I am going to be pleased to support my colleague's very reasonable and friendly amendment on this because I think it is a logical one. "Investigation" implies that you are going to start hiring people, interviewing a lot of people and looking into the whole matter. What we are really asking is for the Minister of Health to come before the committee and answer some questions. I think it is a very reasonable amendment, a logical one and one I hope the members of this committee will support.

Mr. Philip: Call the question.

Mr. Chairman: I have accepted the amendment although I have some reservations after hearing those explanations. In any event, we will move on with the amendment to the motion moved by Mr. Smith.

All in favour of the amendment? Opposed?

Motion negatived.

Mr. Callahan: We were voting on the amendment, were we not?

Mr. Chairman: The amendment.

Mr. Callahan: Did Alan Pope just vote for it? It was unanimous. I saw their hands up.

Mr. Epp: Yes, they had their hands up.

Mr. Pope: (Inaudible) called the vote. You never know what is going on around here. I know you are having trouble.

Mr. Callahan: Thanks.

Mr. Pope: This is Thursday morning and you are in the Ontario Legislature. I hope you are enjoying the day.

Mr. Callahan: I know it is Thursday morning. You are here. I am here all the time.

Mr. Chairman: All right. We will move on to the motion moved by Mr. Gillies. You all have the motion in front of you.

All in favour of the motion? Opposed?

Motion agreed to.

Mr. Pope: The Liberals do not want to investigate their fund-raisers.



## IDEA CORP.

Mr. Chairman: Let us move on, finally, to the second item on the agenda, the chairman's report on the committee request for documents. As I think all members are aware, we received two responses and those were circulated to members. Hopefully, you all received those responses, one from the Minister of Industry, Trade and Technology (Mr. O'Neil) and the other from Commissioner Ferguson.

The responses partially answered the committee's requests, and as a result, I did not report to the House requesting a Speaker's warrant. There was some discussion in the subcommittee yesterday with respect to requesting the appearance of Mr. Biddell and Commissioner Ferguson. Mr. Biddell is out of town until Saturday but is quite prepared to appear before the committee next week. Commissioner Ferguson could not make it today but has designated Chief Superintendent James Szarka of the special investigations division, who is before us today.

Before we move on to the report of the subcommittee, which ties in with many of these matters, are there any questions or comments?

Mr. Pope: Yes, I think this matter should be put into some context. As it now turns out, we know why the documentation has not been produced for some time. We are now talking about a loss of \$16 million in the last fiscal year for IDEA Corp., according to the financial statements. It is the statement of operations and deficit for the 15-month period ended June 30, 1986: the corporation's share of losses of subsidiaries, which is all of the IDEA Corp. funds, \$16,736,368.

1110

I think a review of the document that will be provided indicates that in fact this work had been--yes, here it is. I refer the members to the auditor's report. They do not number the pages but I will take the first one, the biological and medical technology fund, and it is the same for all of them. The date of the auditor's report is March 27, 1987.

Can someone explain to me and I intend to pursue this--

Mr. Epp: Can we get a clarification of where we are at?

Mr. Pope: On the auditor's report.

Mr. Callahan: Is this the document we just got?

Mr. Pope: In every single subsidiary there is an auditor's report that is dated March 27, 1987. I think we are entitled to an explanation, because the baloney we were fed was, first, that they were not ready, then that they were waiting for signatures of all the directors. Can someone explain to me why it takes three months to get two signatures on a single page?

Mr. Callahan: On a point of privilege: I do not know whether this baloney he is talking about is attributed to this member. If it is, I rise on a point of privilege in that regard.

Mr. Pope: I do not know what you are talking about.

Mr. Callahan: Who were you talking about feeding you baloney?

Mr. Epp: There is no baloney. The report is before us and it just happened to have some dates there.

Mr. Pope: It is clear that this government has embarked on a campaign to withhold this information that showed a \$16-million loss of the taxpayers' money--

Mr. Epp: That is not true and you know it.

Mr. Pope: --through mismanagement on the part of the Minister of Industry, Trade and Technology who is responsible for this. They would not produce it until we were going to force it with a Speaker's warrant.

Mr. Epp: Talk about Minaki Lodge: \$48 million.

Mr. Pope: It is clear. We had to threaten to issue a Speaker's warrant to get this document out of the Minister of Industry, Trade and Technology when he promised it for over eight months. I am entitled, since I moved the resolution, to ask for further clarification. I understand the letter from the Minister of Industry, Trade and Technology indicates that Mr. Biddell's report is not completed, and yet we have documented evidence in front of this committee to the effect that the report is dated February 1987. We also understand now that the internal audit of the Ministry of Government Services--

Mr. Callahan: Point of order.

Mr. Chairman: We have a point of order.

Mr. Callahan: Believe me, Alan, I am not trying to interrupt you, but I think you should look at page 2 of the minister's letter under item 1 as to the reasons he--

Mr. Chairman: That is not a point of order. Let us stop these continual interruptions. You will have an opportunity.

Mr. Pope: I am not in the least bit interested any more in his reasons. This is the same government and the same minister that systematically frustrated the forensic audit of the Wyda Systems investment at a time when we had suspicions in this committee unanimously that a forensic audit was required; unanimously. This government and this minister systematically frustrated that request over a period of eight months. The company went down the tubes and all of the public's money was lost. We see the same tactics to stall and delay and not produce adequate information so we can see what is going on with the public's money, as we have a right to do as the standing committee on public accounts.

Mr. Chairman, I will end with one request, that you request a Speaker's warrant be issued to get Mr. Biddell's report which we know is dated February 1987, produce his working papers and if necessary produce Mr. Biddell, and that we get the internal audit done by the Ministry of Government Services on this matter that still has not been produced. I think we are entitled to it. There is enough stalling going on. We will get to the Ontario Provincial Police matter, I gather, in camera.

Mr. Epp: We should try to put this whole matter in perspective. We have a number of documents that were made available yesterday to the members of the steering committee; the other members received them today. I think I



should read into the record part of the letter the Minister of Industry, Trade and Technology has sent to you, Mr. Chairman, and which has been circulated to the members of the committee. The letter refers to a number of things. Let me read that letter into the record, which I think is extremely important. I know it is going to take a few minutes but I think it is going to put into context the importance of these items.

Mr. Philip: Which letter are you talking about?

Mr. Epp: Since everybody is interested in having the record accurate, I think I should read it into the record at this time.

Mr. Philip: Give us the date on the letter, please.

Mr. Epp: The letter is dated June 15, 1987. It is addressed to you, Mr. Chairman, as the chairman of the standing committee on public accounts. I will read it into the record and the clerk will make sure members get copies of this.

"Dear Mr. Runciman:

"I am responding to your--

Mr. Chairman: Hang on just a second. I am advised it is something all members will get.

Mr. Gillies: I appreciate Mr. Epp wanting the points in this letter to be before the members of the committee. In the interests of time, it is now being distributed by the clerk to all members of the committee, who can read it for themselves. I wonder if it is necessary to have it read word for word into the record when we all now have it before us.

Mr. Epp: It is important because there are people who are following this particular matter who will read Hansard later on and they must get it in context. Otherwise, it is not fair to keep on referring to a letter without people knowing what is in the letter.

Mr. Chairman: Mr. Epp has 20 minutes and he can utilize it in any fashion he wishes.

Mr. Epp: Thank you. It is addressed to you, Mr. Chairman. It is dated June 15, 1987.

"I am responding to your letter of 4 June, 1987, at which time you made requests on behalf of the standing committee on public accounts. A copy of this letter, as you have requested, is being provided to the clerk of the committee.

"You specifically requested that the following documents be provided: the independent audited statements of IDEA Corp. for the financial year ended March 31, 1986; the report of the audit services branch of the Ministry of Industry, Trade and Technology with respect to the administrative expenditures of the IDEA Corp., commissioned by Mr. Kruger; and the Biddell report on IDEA investments.

"As you know, my ministry has been pleased to co-operate with a number of requests from the public accounts committee concerning the IDEA portfolio and individual investments. In this regard, my officials have appeared on a

number of occasions before the committee. We wish to co-operate fully with the committee.

"1. Request for independent audited statements of IDEA Corp. for the financial year ended March 31, 1986.

"It is my intention to release publicly the independent audited statements of the IDEA Corp. for the financial year ended March 31, 1986, and for the period up to June 30, 1986, on Wednesday, June 17, prior to the next scheduled meeting of the public accounts committee.

"Prior to this date, the ODC was constrained from releasing these statements because of a commitment made before the wind-down to offer IDEA board members the opportunity to review and comment on the audits as they became available. As well, former IDEA officials were required to sign letters of representation certifying certain facts which are fundamental to the audit. These letters have been signed within the last week; the audit can therefore be released. It would not have been appropriate"--I want to emphasize that--"and, indeed, would have been inconsistent with audit practice to release the audit without them.

"2. Request for internal audit--Ministry of Industry, Trade and Technology audit services branch.

"The procedure which has been regularly followed in both this and previous administrations of ministries with regard to audit documents has been to make them available for review by the Provincial Auditor. The report of the audit services branch of the Ministry of Industry, Trade and Technology with respect to the administration expenditures of the IDEA Corp. commissioned by Mr. Kruger has been made available to the provincial auditor. If requested by the public accounts committee, the Provincial Auditor is in a position to make further examinations of the audit and report to the committee. This is the well-established statutory procedure under with the standing committee has operated.

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"3. Request for the Biddell report on IDEA investments.

The Biddell report on IDEA investments has not been finalized. Mr. Biddell is still working on the report. In the circumstances, I can only undertake to the standing committee on public accounts that I will deliver it to the committee as soon as it is completed. This is in keeping with my earlier commitments to the House.

"As a means of expediting the committee's consideration of these matters, I have asked Mr. Biddell, if so desired, to be available to appear before the committee and provide a verbal report to you in light of the difficulty in providing a written report at this time. In addition, the Provincial Auditor is invited once again to attend at the offices of my ministry and its agencies to review the materials pertaining to the Biddell investigations and report to the committee. The committee will be aware that the Provincial Auditor has previously reviewed these materials in conjunction with the review by the committee of the investment by IDEA in Graham Software Corp.

"As in the past, officials of my ministry and its agencies remain available to appear before the committee to provide open, complete and frank



information as requested by the committee. Senior people have appeared before the committee on several occasions during the last year at the request of the committee. I am pleased with the contributions they have made to the committee's work on behalf of the Legislative Assembly."

That was signed by the minister.

With regard to these important matters, it has to be clearly stated on the record that the minister has been more than co-operative with respect to providing the information the committee has looked for. He has been consistent with past practices of the ministry. He has requested his officials to appear before the committee and they have offered to appear before the committee as soon as they could make themselves available.

To that extent, I want to say that Mr. Biddell, for instance, has been asked to appear before the committee today. I understand he was not available; hopefully, he will be available next week. Other members who have dealt with this matter have been asked to come before the committee. We know, for instance, that Mr. MacKinnon was before the steering committee yesterday. So I want to categorically put on record and state that contrary to what some members have stated, that the ministry has not been very co-operative, it has in fact been co-operative with the requests of this committee.

They can only make the documents available and these reports available when they are completed. They have not been completed and the members will have an opportunity with Mr. Biddell, for instance when he appears before the committee, to ask him whether his report is finished. I am confident he will verify what the minister has said, that his report has not been heretofore completed and that when it is completed, it will be made available at the first opportunity to the committee.

Anyone who has met Mr. Biddell and knows of his high reputation in this province and across the country as a very thorough, conscientious and sincere individual, a very able individual, can judge on his own, but I am sure the impression should not be left with this committee or with the public of Ontario that he is holding his report back or anybody is holding his report back when in fact he would want it to be a full and complete report before the members had a chance to judge it.

What has been suggested here is that we should have an incomplete report that we should judge. That, of course, has not been the practice of this committee or of this Legislature.

Mr. Philip: This committee was asking for this material in August. Right after Mr. Kruger appeared, it became necessary to ask for this material. We now have evidence the material was completed by at least March 27. The ministry has had its staff monitoring all our hearings. The ministry, I am sure, knows exactly what is going on. The ministry, if it were co-operative, would not have taken almost three months to supply us with information it had, that indeed it knows members of this committee have been asking for since August.

To somehow paint the minister as being co-operative when suddenly he becomes co-operative under the gun of a potential Speaker's warrant is hardly co-operative.

I do not think it will serve any purpose to prolong the debate on this. We now have the documents. But I do want to make the point that the ministry

was being less than co-operative in taking this long to supply us with information it sat on for almost three months.

Mr. Chairman: Mr. Archer would like to make a comment here.

Mr. Archer: With respect to the tabling of the financial statements, in reference to Mr. Philip's last comment, the ministry in all fairness has not been sitting on this report for the last three months. The date of the auditor's report, March 27, reflects the date up to which information is considered in the development of the financial statements and does not necessarily reflect the date that everything was ready for release to the ministry or to the public.

Normally, the release date and the date of the auditor's report run fairly close to one another. One of the significant documents in every audit is to get a representation letter from senior management that in effect says that the company has been operated in accordance with its mandate, that proper books of account have been kept, that the company has been properly administered, that all facts have been made known to the auditor and so on. There may be 15 or 20 stipulations contained in this letter of representation. No auditor will release financial statements until he gets the assurance from senior management that these representations are fair.

In this particular case, because IDEA Corp. is now no longer operating, the former acting president was quite reluctant to sign the letter of representation. It took considerable discussion with him and adjustment of the normal or standard letter of representation before he would see himself clear to signing that document. As far as our own statement is concerned, which is the first one in the book, we did not get the signed statement from the acting president until June 15. Therefore, it would be impossible for these statements to have been issued to the ministry prior to June 15. That is the date we issued them and the ministry immediately made them public.

Mr. Pope: May I reply to those comments?

Mr. Chairman: I wonder if we could go through the list. You will still have an opportunity to do that.

Mr. Gillies: I hope the ministry and other government officials are monitoring this proceeding today because I think there is a message we would want them to receive. We are not here as the public accounts committee for the convenience of Mr. O'Neil, the minister. We are not here for the convenience of Mr. Biddell. We are not here for the convenience of Mr. Kruger. We are not here at all for the convenience of the government.

The public accounts committee is the watchdog committee of public expenditures. For very good parliamentary reasons, it is chaired by a member of the official opposition. This is precisely because this committee in the course of its work will often request or demand information to be put before it that is not necessarily in the best interest of the government of the day. That is all for very good reason.

As several speakers have already noted, a lot of the information we are now receiving and some of the information we have not yet received was requested, if that is a strong enough word, by this committee back in August. I understand Mr. Kruger ordered the internal audit in October 1986. Today we start to receive some of the information, in June 1987. After two scandals have been exposed with regard to this portfolio, after one senior cabinet



minister has lost her job over this, we start to receive some of the information how many months later.

1130

The Minister of Industry, Trade and Technology (Mr. O'Neil) told the estimates committee reviewing his estimates in December 1986 that the Biddell inquiry was almost finished, that Mr. Biddell was away on vacation for several weeks and that he expected the report would be available some time very shortly thereafter. In December 1986, we were told that this report would be available in a few weeks and we have yet to see it.

An extract from that Biddell report crops up, completely in a vacuum, without any prior knowledge of the committee. An extract from that supposedly incomplete report appears before the committee in February, when we are reviewing the Graham Software scandal, completely unexpectedly, out of the blue. That section apparently was complete enough for this committee to review in February and we are now being told that this report, which we were promised in December in a few weeks is still not available.

We have documents before us--I accept the point that the auditor has made--dated in March that the committee is now dragging out of this government. I want to say that if indeed these proceedings are being monitored by the government, I want it to know that we are not here for its convenience. We are not here to receive information from this government when it suits its purposes. Our job in this committee is to review expenditures and losses and protect the interests of the taxpayers when we feel it is appropriate, not when the Premier (Mr. Peterson) or Mr. O'Neil or their officials feel it is appropriate. To finally start receiving some of this information under the threat of a Speaker's warrant, I think is scandalous.

If this government is serious at all about openness--I have had many occasions to doubt that in the last year--if it truly has an interest in making a clean breast of this matter, then it should be bringing these informations forward at the time they are requested by the standing committee on public accounts, not months later under some threat of compulsion.

Let there be no mistake. The reason we are not getting the information from this government is very clear indeed. You have to look no further than the balance sheet, my friends. The last year before this administration took office, there was a loss in the IDEA Corp. on its share of the losses of its subsidiary companies of about \$2 million. Since the day this administration has taken office, since the day the Liberal government took office, it has managed to fritter away 16,700,000-odd dollars through that IDEA portfolio on loans and investments entered into and signed by this administration with Wyda, Graham Software and others. Now we start to hear about Ventura and all these others.

Fine. We know it is embarrassing for the government. We know that this is not good politics for them. The point is that our job as a committee, the job we are given by the Legislature, is to get to the bottom of these things. We are not getting the co-operation from the government that we need to get to the bottom of these things, because if we were, we would not still be scratching around a year later trying to figure out what happened with Wyda and what happened with Graham Software.

It was June 10, 1986, when I asked the first questions in the House about Graham Software and Wyda. A year later, we are still dragging

information out of this government to try to get to the bottom of it. I hope that the minister and his people are watching these proceedings and I hope they take very seriously the anger and the frustration that I, as a member of this committee, feel for their complete lack of co-operation in this matter and for their efforts to frustrate a legitimate investigation by this committee.

Mr. Callahan: I have to go back to a point I made before. This committee has a very serious purpose. That is a given. It has a very responsible position. That is a given. However, when Mr. Gillies says that he accepts the auditor's statement and then goes on to say that this information had to be dragged out of the government, I do not follow this at all because if he accepts the auditor's statement, the auditor confirms exactly what Mr. O'Neil said in his letter to you, Mr. Chairman, that in fact these reports could not be made available until June 15; I think that was the statement by the auditor.

The auditor has told us--at least I have heard him tell us--that in no way, shape or form is there anything sort of veiled or suspicious or conspiratorial about that. Yet I hear Mr. Gillies and Mr. Philip--I think it was Mr. Philip; if I am mistaken I apologize--but certainly Mr. Gillies suggesting that he accepts the auditor's statement. Then he does a complete reversal by saying that these documents should have been made available sooner and that they had to be dragged out of the government. I say that is balderdash. I say that this demeans the committee. Making statements like Mr. Gillies has made makes this committee look rather foolish. It makes the Salem witch trials look like a Hallowe'en party in that the statements are made in such an irresponsible fashion. I am sorry, Phil, to have to say that, but I honestly believe this.

You cannot, on the one hand, say that you accept what the auditor says and then go on and harangue the way you did. Clearly, that is not responsible. It is not using the committee in a fashion that tries to uphold the strength and importance of the committee. It is totally political and I am sure the people out there watching will realize that. The thing that really concerns me is that when we do get a serious situation, be it this government or whatever government, where there is dragging of feet, the people out there who watch on that occasion are going to think, "That is just a rerun of the former episode when Mr. Gillies accepted the auditor's statement and then proceeded to say that the government was dragging its feet."

I also take exception to the fact that Mr. O'Neil--I go back to this again. Despite our political differences, I think that one premise on which this House and the Legislature of Ontario or for that matter any parliamentary system has to work is that we are all honourable members. If a statement is made, as has been made in the letter by Mr. O'Neil, then we accept that as a given until it is proved otherwise. I read the comments by Mr. Gillies in the vein he put them as saying, "All right; I accept the auditor's report." Then, as I said, he does a reversal and then he looks at the other documents.

Granted he only got the letter this morning and that is unfortunate. Maybe there was an error on that part. This was why I actually moved on a point of order when Mr. Pope was making such a large thing about March 25 being the date of the financial statements. I wanted to draw this to his attention, because I happen to believe that every member of the Legislature is an honourable person. I felt that Mr. Pope, perhaps, had overlooked paragraph



2 of the letter that my colleague Mr. Epp read into the record, which explains the reason.

Fortunately, the auditor came in after Mr. Pope had spoken and indicated exactly why it is being produced today as opposed to being produced on March 25 or 26. My reason for objecting at that time was to keep Mr. Pope from doing what I would think would be not be a proper thing to do, if he was aware of the letter and made that statement. I do not think Mr. Pope would have done that. That was why I attempted to interject on a point of order. Granted it was not a valid point of order, but that seems to be almost a tradition around this place.

Mr. Chairman: Regrettably.

Mr. Callahan: Yes, regrettably, but I did not want him to go off and burst a blood vessel over this March 25, if in fact he had not had the opportunity to see the letters before him.

I just say to you, Mr. Chairman, we have the information. That is the important thing. We have an explanation for all three of the items. We have an explanation for the request for the independent audited statements of IDEA. We have information regarding the request for the internal audit. We have information regarding the request for the Biddell report.

I agree with Mr. Gillies that neither this committee nor any committee should be required to sit at the convenience of people who are called before it. But in a real sense, this is an unfortunate statement about a man like Mr. Biddell. There is nothing inconsistent today with what we said on the record at the last committee meeting--I think I said it--or perhaps at the meeting before that. We indicated that Mr. Biddell was sick and that the report had not yet been completed. This is borne out in every way, shape and form by paragraph 3 of the letter of June 15 from the minister.

I do not see how a member can raise points about dragging of feet and so on unless it is simply for the benefit of highlighting this again and trying to put a sinister motive on what is happening at this committee. I think by doing this we demean the committee. Once again, I have to state--perhaps it is falling on deaf ears; I do not know--that we have to put aside the politics as best we can. I am not suggesting we could ever put it away totally; that would be naïve. But certainly we should not reduce this committee to a Salem witch hunt. We should be sure about what we say. The most recent example is Mr. Philip's attempt to introduce the discussion he had with his lawyer. My immediate concern would have been, "Let us get the lawyer here to find out exactly what was said and under what circumstances."

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Mr. Philip: I would be happy to. Would you like to do that?

Mr. Callahan: If you are watching this or reading this in Hansard, you get the attitude that anyone on this committee can sit here and slip in a little innuendo, a little rumour, something he has heard in the halls, something his neighbour told him over the back fence while putting out the wash or whatever. I really think the voters are intelligent enough to expect from their representatives something a little fairer, not this degree of--

Mr. Philip: After what Peterson did in the House on Monday, you are hardly in a position to--

Mr. Callahan: Well, obviously, Mr. Philip is not happy with what I am saying. Not this degree of suddenly turning this committee into the McCarthy hearings, into a rumour-mongering forum--

Mr. Philip: Better tell that to Peterson.

Mr. Callahan: --with total privilege. I do not think the public realizes it. I can say anything about anybody on public television. I can say anything I like about a person. I can demean his character and I am not responsible in a civil fashion to that person.

Mr. Philip: Why do you not tell that to Peterson about question period on Monday.

Mr. Callahan: This should be well known by the public so it realizes that when statements are made here, some of the validity or the degree of responsibility you could put on those statements is not totally correct. What happens is that by dropping statements about ministers, about Mr. Biddell and other people--think about it. What if you or your kids were sitting at home watching this? For that matter, I even got the impression maybe they thought the auditor was in on this conspiracy. We all give up enough in public life or to participate in the public process to be saved from the slings and arrows of the rumour, the whisper, the corridor gossip. There are other committees that bother me in this respect, too. I would hate to see these committees become impotent.

I suggest that if we continue in the vein we are going--I do not indict one; I indict all of us--with these committees, we will find that no one, not even the press will give any credence or any support to what is said or done here because it becomes nothing more than a game of making decisions before you have even heard all the evidence.

I find it incredible that Mr. Philip had the minister tarred, feathered, bagged and ready for shipment to Australia--not Australia, but one of the islands where we might send prisoners. We have not even heard from the minister yet and suddenly he has decided--

Mr. Philip: He admitted in the House and in public about what he did. It is too bad you cannot stay awake in the House.

Mr. Callahan: He has decided that what the minister has done is totally inappropriate and he has not even heard from the minister.

Mr. Philip: He admitted it in the House.

Mr. Callahan: Mr. Philip, you tend to be a supporter of the little guy and I applaud that. I think that is very admirable. I think most of us try to do that. But on the other side of the coin, when we draw a conclusion before giving--

Interjection.

Mr. Callahan: Mr. Philip does not want to listen to this, obviously--draw a conclusion before we even give the witness, the person who is being asked to comment on it, an opportunity to respond, we have made our



judgement. Well then, Mr. Philip, I have to say to you, and since I have the privilege of saying it here without any repercussions, that certainly your actions on one the hand do not square with your actions on the other. If you are in favour of the little guy, then you should be in favour of every individual. Every human being, be he political or whatever, is entitled to the benefit of the doubt until you can hear all the evidence and make your determination.

Mr. Philip: He admitted it. What is the matter? Have you got hearing problems? He admitted it. Can you not hear?

Mr. Callahan: I find that this demeans the committee as well. In the final analysis, if there is one thing we should all try to protect, apart from the political rhetoric, is the sanctity of these institutions because that is what protects the people in the long run.

You may score political points or you may not, but in the final analysis, if this committee becomes nothing more than just a Salem witch trial, in the final analysis we may as well cancel it, quit wasting the taxpayers' money on it and just go into the House and make statements in there, or make them out in the press, if we firmly believe in them, and take the benefits and the detriments of it being right or wrong and being sued. Do not try to make them in here and take this committee down the path where it becomes a eunuch.

Mr. Philip: On a point of order, Mr. Chairman: I have not said anything about the minister here that I did not say out there, and if I said anything that is inappropriate, let him sue.

Mr. Chairman: All right; let us move along. Before Mr. Pope and then Mr. Epp, I want to remind members that we have Chief Superintendent Szarka here at our request and I think it would be regrettable, to say the least, if we do not have an opportunity to discuss with him the Ontario Provincial Police role in the investigation of where that stands at the moment.

Mr. Epp: I think that is a good point. We should leave this topic right now and we should have the constable make his presentation.

Mr. Chairman: Mr. Archer would like to clarify something before we go any further.

Mr. Archer: It may not be necessary, but just for the record, with respect to the remarks by Mr. Gillies and Mr. Callahan, I would like to state that my previous comments related solely to the audited financial statements of IDEA Corp. and in no way related to either the internal audit report or the Biddell report.

Mr. Pope: I will be very brief. I do not think I need a lecture from a Liberal on character assassination. That is the same party whose leader orchestrated the leaks to CBC Television about Susan Fish and myself somehow absconding with government furniture, when it was not true; the same Liberal administration that attacked Mr. Gillies, another member of the committee at the time, with respect to a supposed land deal in Brantford that was not true whatsoever. I do not need a lecture on character assassination from a Premier and a party that is led by a man who engaged in the kind of conduct we saw from him on Monday in this House.

Mr. Philip: The most despicable I have ever seen in the House.

Mr. Pope: I do not need a lecture from any representative of that kind of party. Plus, there is the conduct of your party and your government with respect to the audit of informal and formal private tree growers up north and their relationship or supposed relationship with me over a period of nine months. I do not need a lecture from any Liberal in this province about character assassination.

There are two arguments I want to make very briefly. First, we have been accused of rumour-mongering. What the Liberals mean is that if they can withhold any factual information from this committee, they can then accuse us of rumour-mongering because we do not have the information. Second, we have been accused of making decisions on the guilt or innocence of someone without having all the information. That means this government can systematically withhold information from this committee, as it has been doing for over a year, and we cannot make any judgements whatsoever with respect to any of the individuals or the conduct of action. I disagree with both of those points of view or principles put forward by the Liberal representatives.

I just want to say that I do not accept the explanation of the Minister of Industry, Trade and Technology (Mr. O'Neil) with respect to the unavailability of the internal audit, because he is not making it available to this committee. He is not. He is saying that he will show it only to the Provincial Auditor and the Provincial Auditor may report on it to this committee, but he is not making that internal audit available to this committee.

Second, I do not accept his explanation one bit about the Biddell report and the fact that it is not completed. I do not accept that and maybe Mr. Biddell and the rest of this committee will get into that discussion. Nor do I accept his explanation about the delay in providing the financial statements of IDEA Corp. If they cannot get their act together and if it takes over three months to get form letters signed by the officers of IDEA Corp, if it takes over three months to have the board members look at the financial statements, that is not our problem. Using that argument, if any one of the officers had refused to sign that form letter of representations, these audited financial statements would never have been produced and this committee would never have seen that \$16,738,000 of the taxpayers' money was gone, so I do not accept the explanations whatsoever.

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Whatever the normal practice of preparing audited financial statements may be, I do not accept that this government can embark on a course of conduct that would withhold financial information from the committee. I say that in a context that Mr. Callahan does not have, the context of what we went through last fall on the Wyda investigation, where we were promised--the Liberal members felt the need for audited financial statements of the Wyda investment.

Everyone unanimously asked for them. We were promised them. Three months later we were given a financial review; no audited financial statements. We called for a forensic audit. We have yet to see a forensic audit on Wyda from this government in spite of the fact that the Liberal members asked for one along with everyone else on this committee. I am not talking about what the standard accounting practice or auditing practice is in the preparation of



financial statements. I am talking about this government's conduct in making that information available to the committee.

Mr. Chairman, I reiterate what I started with: I request that you, in writing, ask the Speaker of this assembly to issue the Speaker's warrant for the documents we asked for in our original notice of motion.

Mr. Epp: There are a number of things I want to do. First of all, I would like to ask the clerk to clarify the position because his particular position has been put in question by some of the comments made about the letter of June 15. I would like to ask him to clarify when this letter was distributed and to whom it was distributed.

The Clerk of the Committee: The letter from Mr. O'Neil was attached to the committee's agenda, along with the letter from the commissioner of the Ontario Provincial Police, and sent to all members of the committee on Tuesday afternoon.

Mr. Epp: So all members had it on Tuesday afternoon, certainly no later than yesterday.

The Clerk of the Committee: It was sent to the offices of all members.

Mr. Epp: It is likely that if one member did not get it, at least each party got it. It probably would not have missed four people from a political party or both people from a political party. I thought it was a little unfair earlier that the impression was left that maybe some members did not get it, while some members did.

The other point I want to make is with regard to Mr. Biddell. I think he has been left in a very uncomfortable position today. All of us know about the tremendous contribution he has made to this province, as an outstanding servant of the province from time to time, under different governments, I might say.

He has a very broad task to perform in looking at the IDEA Corp. portfolio. He had a good number of cases to look into, of which Wyda was one, Graham was another and there were various others. The report he was supposed to compile and present to this committee has been fairly voluminous. He has been asked to come before the committee and I am sure he will at the first opportunity.

I think that this motion is not in place today because the committee has had an opportunity to look at some of the documents and in fact will have Mr. Biddell in front of it next week, hopefully. He can shed much light at that time and the committee members have as much latitude as they wish to take in questioning him on all kinds of matters. To be critical of the government for not presenting certain documents and so forth will all be dealt with next week when Mr. Biddell comes before the committee.

The other thing is that the auditor himself has put before the committee certain information. I want to ask him whether in dealing with item 1, when we are dealing with the internal audit, this is not a practice that has been maintained not only by this government but also by previous governments, or when you are talking about an internal audit, is this a unique practice that is peculiar to this government and is not been one that has been practised by

previous administrations? I just wonder whether the auditor would respond to that.

Mr. Archer: Certainly, generally speaking, it has been a long-standing practice that internal audit reports and documents are not made public. The internal audit community has fought for that principle long and hard, even with regard to the Freedom of Information and Protection of Privacy Act. I believe under that act internal audit reports will now be public documents, but I know they fought long and hard to maintain the confidentiality of them. As I see what will happen, a lot of internal audit reporting will now be oral as opposed to written because they will not be as free to express their views and observations about the ministry as they have been in the past. To answer your question, in the past, internal audit documents have not, as a general rule at any rate, been made public.

Mr. Epp: Thank you very much. I think it is important to have that on the record because the impression has been left that for some mysterious reason, the minister has been holding back documents. In fact, he has made them available to the auditor. The auditor has then had an opportunity to report and will have an opportunity report in the future on these documents. The minister has reinvited the auditor to come out and take a look at the documents. It is a practice that has been there for a long time.

The ministry is consistent with the former practice. We did not hear any complaints about this practice before when the official opposition was in the position of the government. They did not say, "Mr. Auditor, you have to make sure the public accounts committee gets all this internal audited material." In fact, two of the members who are members of the official opposition and members of this committee were members of the cabinet. I never one time heard them say, "These internal audits have to be made public." For them to say now that--

Mr. Wildman: They wanted to.

Mr. Philip: They wanted to but they were never in the public accounts committee because because they were cabinet ministers.

Mr. Epp: They accused the minister of holding back information--Mr. Philip, I have the floor--for some unknown or mysterious reason. That in fact is not the case.

The other important aspect here is that of the Speaker's warrant itself. I think we are getting into a rut here where every time a problem comes before the committee, we want to ask for a Speaker's warrant and I think we have to be very careful--

Mr. Philip: How many have we asked for?

Mr. Epp: --that we do not use this for very frivolous and unsubstantiated reasons.

Mr. Gillies: Is a \$17-million loss frivolous and not substantiated? Let the record show that Mr. Epp thinks the loss of 17 million tax dollars is frivolous and unsubstantiated.

Mr. Epp: Mr. Gillies, I have the floor.



Mr. Chairman: Order, please, Mr. Gillies.

Mr. Epp: We have before us a good deal of the information that has been requested. We have had the assurance that Mr. Biddell will come before us at a convenient time. I think that is more than enough information.

Mr. Wildman: On a point of order, Mr. Chairman: Perhaps the clerk could advise us or you, Mr. Chairman, of the number of Speaker's warrants that we have requested or even discussed.

Mr. Philip: Two in two years.

Mr. Chairman: We can get that information for you. Are you quite finished, Mr. Epp?

At the outset, when we began this, in my report I indicated I had received the two responses and they were partially answered. Based on that, I felt it was not appropriate, without coming back to this committee, to report to the House requesting the warrant. I wanted to have a feeling for the will of the committee. I think I have that, based on what has taken place here, and I think it is the will of the majority of the committee that I proceed and table the report requesting the issuance of a warrant. Unless that is going to be disputed here through a motion, I will do so this afternoon.

Mr. Pope: Go in camera now.

Mr. Chairman: We have a motion to move in camera and meet and discuss the Ontario Provincial Police investigation with Mr. Szarka.

Mr. Epp: Are you not going to have a vote on this?

Mr. Chairman: We have a motion on the books and it was simply my wish to get the feeling of the committee whether it wished to proceed with the motion as already passed by the committee.

Mr. Epp: As you know, it is our feeling, which we have presented today and on a number of occasions, that the government has been more than forthright in presenting the information to the committee. In fact, it does not at this time justify a Speaker's warrant.

Mr. Chairman: As chairman, I appreciate the position your party has taken. I indicated in my comments "if the majority of the committee wished to proceed." May we have a motion to move in camera?

Mr. Pope moves that the committee continue in camera.

Motion agreed to.

The committee continued in camera at 12:01 p.m.





STANDING COMMITTEE ON PUBLIC ACCOUNTS

IDEA CORP.  
FUND-RAISING

THURSDAY, JUNE 25, 1987



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)  
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)  
Barlow, W. W. (Cambridge PC)  
Callahan, R. V. (Brampton L)  
Cousens, W. D. (York Centre PC)  
Epp, H. A. (Waterloo North L)  
Mancini, R. (Essex South L)  
Philip, E. T. (Etobicoke NDP)  
Pope, A. W. (Cochrane South PC)  
Smith, D. W. (Lambton L)  
Wildman, B. (Algoma NDP)

Clerk: Arnott, D.

Staff:

MacDonald, W., Research Officer, Legislative Research Service

Witnesses:

Individual Presentation:

Biddell, J. L.

Elston, Hon. M. J., Minister of Health (Huron-Bruce L)



LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 25, 1987

The committee met at 10:08 a.m. in room 151.

IDEA CORP.  
(continued)

Mr. Chairman: We will come to order and get under way. There is one slight change in respect to our agenda. What you see before you is not going to change, but we had originally asked Mr. Elston to appear before the committee at 11 o'clock, and he advised the clerk yesterday that he will not be able to make it until 11:30. In any event, if we have insufficient time with the minister this morning, we will simply have to schedule additional time at some point later on.

The first order of business is the committee request for documents, and specifically Mr. Biddell, who has accepted our invitation to appear before the committee to discuss his report.

Mr. Biddell, would you like to come forward, please? Welcome to the standing committee on public accounts. Do you have any comments you would like to make at the outset before we get into committee questions?

Mr. Biddell: No, I do not, sir. I will respond to the questions as best I can.

Mr. Chairman: Thank you. Mr. Pope is our first questioner.

Mr. Pope: Mr. Biddell, the committee received some information from the Provincial Auditor that quoted from you, from a report, and that report was dated February 1987. Do you have that report?

Mr. Biddell: Yes, I do.

Mr. Pope: Could you produce it for the committee?

Mr. Biddell: I am in your hands, gentlemen. I gave this report to the government as an interim report, and it is my understanding that the government should make the decision as to whether or not it is tabled.

Mr. Pope: The government denied that it existed, sir. I am glad you have confirmed that it does exist.

Mr. Epp: Just on a point, we were not speaking about an interim report. We were speaking of--

Mr. Pope: You denied a report existed. It was clearly misleading.

Mr. Gillies: You said there was no report at all, and there is.

Mr. Pope: Despicable conduct.

Mr. Chairman: Let us continue with the questioning, and Mr. Epp and others will have an opportunity as we proceed to get their opinions on the record.

Mr. Pope: I cannot believe this.

Mr. Chairman: Go ahead, Mr. Pope.

Mr. Pope: Mr. Biddell, are you saying that this interim report, which you made available to the government some time ago, if the committee asks for it today, you will produce it?

Mr. Biddell: I would ask advice on that. As you can see, I am here alone.

Mr. Pope: Yes, I understand.

Mr. Biddell: I do not know the rules of the Legislature or the committee. This was a report that I was asked to work on and produced for the government. I told you, I did submit an interim report. They then asked me to do further work, which I am in the process of doing, and then I believe it is up to the government to decide what should be tabled.

Mr. Pope: I understand your position, sir.

When was your interim report completed?

Mr. Biddell: February 11.

Mr. Pope: When were you asked to do additional or further work?

Mr. Biddell: Very shortly thereafter, within a matter of two or three days.

Mr. Pope: What companies have you done your analyses of in your interim report?

Mr. Biddell: Basically just two, Wyda Systems and Graham Software.

Mr. Pope: And was that pursuant to instructions received by you from--

Mr. Biddell: No. When I was asked to take on this chore, I was not given any specific instructions as to which companies to concentrate on, but as soon as I became involved, I found myself spending a great deal of time with the staff of the Ontario Development Corp., who had the responsibility for this matter. They were up to their ears in both Wyda and Graham Software, and I spent a lot of time attempting to assist them. Since those were the two largest investments and the ones with which there was obviously the greatest difficulty, those were the ones that I elected to concentrate on in my initial report.

Mr. Pope: Did you get a written request or direction from anyone to commence your work?

Mr. Biddell: I had a very brief letter from the deputy minister, Mr. Lavelle, but that was after two meetings with him, in which I had been asked to take on this role.



Mr. Philip: It is still not clear to me from reading the Hansards and some of the other material around this exactly what your role was and, specifically, what your instructions were.

Mr. Biddell: I was asked to make a general review of the manner in which IDEA Corp. had carried out its function, to review its investment portfolio and to make suggestions, if I had any, to the government as to how that investment portfolio might be disposed of. Those were basically my instructions.

Mr. Philip: So your instructions were really to divest yourself or the government of the portfolio, is that it?

Mr. Biddell: No. That was one of the areas in which I was asked to make a recommendation, but only one. I was asked to make a review of how the IDEA Corp. had conducted its affairs, and particularly to look at problem accounts, if they existed, and to see what I could do to help.

Mr. Philip: That is still very vague to me, but I do not want to interrupt Mr. Pope's questioning. I will come back to that later.

Mr. Pope: Was Mr. Lavelle the one who originally first contacted you and asked you to come in?

Mr. Biddell: I believe it was. It could have been Mr. Carman, from whom I-- No, it was Mr. Lavelle, because Mr. Carman was still in the Orient at that time.

Mr. Pope: Yes. Who did you have your two meetings with before you got the letter?

Mr. Biddell: Mr. Lavelle and Mr. MacKinnon of the Ontario Development Corp.

Mr. Pope: Would you produce for this committee the letter that you received from Mr. Lavelle?

Mr. Biddell: Yes, I can do that. I do not have it with me today, but I can do that.

Mr. Pope: When can we have that?

Mr. Biddell: I would hope tomorrow.

Mr. Pope: From your recollection of Mr. Lavelle's letter, what did he ask you to do--in his letter, that is?

Mr. Biddell: I do not think I could be any more precise on that score than I was in the answer to the question as to what my specific instructions were. I am not even sure that all the matters I referred to in that answer were contained in Mr. Lavelle's letter. It was a very brief letter.

Mr. Pope: You indicated to the committee just a few minutes ago that after you submitted your interim report, you were asked to do further work. What further work were you asked to do and by whom?

Mr. Biddell: I was asked by Mr. Lavelle, and also in discussions with Mr. MacKinnon, to review in a more detailed way the affairs of a number

of those investments that were still outstanding. I agreed that I would take that on as quickly as the government could gain access for me to the companies involved and that I would submit a further report.

Mr. Pope: What is the report you submitted on February 11, 1987, entitled?

Mr. Biddell: Just "A Report on the IDEA Corporation, February 11, 1987."

Mr. Pope: What specific IDEA investments that were outstanding were you asked to review?

Mr. Biddell: There was a group of about 20 that could still be described as active. I could not quote their names to you, because I simply do not remember them, but it was about 20 in number, and the total amount of the loans on the books at that time was in the area of \$30 million.

Mr. Pope: When were you asked to do that further work?

Mr. Biddell: Within a day or two of my submitting the interim report.

Mr. Pope: When did you start that work?

Mr. Biddell: I have done very little on that up until now, other than to review again files I had originally examined with respect to those companies. The problem is that the investments of the IDEA Corp., almost without exception, are minority investments in preferred or common shares of the investees, and there is no provision of any consequence in the agreements with the shareholders of those investees that would entitle the minority shareholder--that is, IDEA Corp.--to go in and make an examination and so on.

Mr. Pope: Were you told that by solicitors for the Ontario Development Corp.?

Mr. Biddell: No, I found out for myself very early in the game.

Mr. Pope: How did you find out?

Mr. Biddell: By examining a number of the shareholders' agreements.

Mr. Pope: When did you make requests to these other investees?

Mr. Biddell: I have not made those requests personally.

Mr. Pope: Who has?

Mr. Biddell: The staff of the Ontario Development Corp. has been working on that. I am just about to start a more detailed examination of some of these things now. Another factor was that I was away for a good deal of the winter. Certainly, I would have come back to do this had it been available to work on, but it simply was not available because the government has to obtain permission for me to go in and even talk to these people.

Mr. Pope: Do you know when the Ontario Development Corp. has contacted these companies so that you can get in to see the financial records?

Mr. Biddell: I know they have been working on this for many weeks.



Mr. Pope: Would it surprise you to learn they just started contacting them within the last two weeks?

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Mr. Biddell: I think that is quite untrue, based on my conversations with officials at the Ontario Development Corp. I have kept in constant telephone communication with those people. I have visited them. I have talked to them about the problems they are facing in trying to persuade the majority shareholders of these companies to let us go in and make a further review because I personally believe the review would be helpful to those companies.

Mr. Pope: Do you know how many calls were made by Ontario Development Corp. to get access to the financial records and when those calls were made?

Mr. Biddell: No, I do not.

Mr. Pope: What is your basis for disagreeing with my assertion that the calls were made in the last two weeks?

Mr. Biddell: Because I have been talking with the people at the Ontario Development Corp. immediately following the submission of this report about this very subject. They have been telling me of their discussions. The people at the Ontario Development Corp. with whom I have been dealing are directors; in almost every case, they have a seat on the board of these companies. They have been telling me about what has been going on to the extent they have been able to determine it, as directors, and they have been telling me about their conversations in an effort to enable me to go in and see if I could do something further to assist.

Mr. Pope: Were you ever called by Mr. O'Neil?

Mr. Biddell: No.

Mr. Pope: Were you ever called by anyone in his office, any of his assistants?

Mr. Biddell: I do not believe so. No.

Mr. Pope: Were you ever called by Mr. Lavelle and told to speed up your work?

Mr. Biddell: No. Mr. Lavelle has never said that to me.

Mr. Mancini: The only thing I would like to say about that is that Mr. Pope is assuming that Mr. Biddell was not working at a top rate, and I do not think that is a fair assumption.

Mr. Pope: I am not saying that at all.

Mr. Mancini: Maybe the gentleman was working as fast as he was able to under the conditions. Why would you ask him if he should speed up his work, then?

Mr. Pope: I am not saying that at all. I will explain this and maybe it will satisfy you, but I will not become confrontational about it. The fact is that Mr. O'Neil, the minister, on two different occasions in the

Legislature indicated that he wanted this matter expeditiously dealt with. The fact of the matter is that he made no calls; no one from his office or his deputy made any calls to expedite the matter.

Mr. Mancini: Maybe the people Mr. Biddell was working with--maybe he had--

Mr. Chairman: Mr. Mancini, you will have an opportunity as the session goes on.

Mr. Mancini: I just do not wish the witness to be badgered like that.

Mr. Pope: I am not badgering anyone; I am just asking a simple question about whether he had received any calls.

Mr. Callahan: May I have a supplementary, Mr. Chairman? Maybe it will clear it up.

Mr. Chairman: Mr. Pope, we have a request for a supplementary.

Mr. Callahan: Very briefly, Mr. Biddell, do you believe that, as far as you were concerned, it was being done expeditiously?

Mr. Biddell: Recognizing as I certainly do the position from which the ODC staff charged with this matter are operating--they have virtually no right to go in or to demand access to these companies, to do the sort of review the government wishes me to do--I think they have dealt with it in a reasonable fashion. All they could do was persuade these people to let us come in.

Mr. Callahan: Just one further, if I might: From your reading of the shareholders' agreements and your understanding of the minority position they had, you made that determination yourself that they would have difficulty? That is not from somebody telling you that?

Mr. Biddell: Very much so. I recognized that at the outset.

Mr. Pope: Can you tell me one thing? You indicated that your original instructions were general in nature, that you were to review all of the IDEA investments and that you are now proceeding to review some of the investments in some of the operating companies. Why did you even create an interim report?

Mr. Biddell: I was concerned to put on the record my findings with respect to both Wyda and Graham Software. I also wanted to put on the record my own recommendation with respect to how government, not necessarily this government but any government, should go about providing financial assistance to companies in the interest of creating jobs.

If I may, I have always had a personal interest in this matter because in my professional life I had a great deal to do with the manner in which governments provided funds to businesses to assist in job creation. I have believed for many years that it could be done better than it has been, and a good part of this interim report deals with that specific subject and has my recommendations on that subject.

Mr. Pope: You are not doing any more work on Wyda and Graham, are you?



Mr. Biddell: No, I am not.

Mr. Pope: Were you asked by Mr. Lavelle or anyone else to prepare an interim report?

Mr. Biddell: No, I was not.

Mr. Pope: When did you finish the interim report?

Mr. Biddell: Within a day or two or maybe the same day it was dated. I am not quite sure which.

Mr. Pope: Were any draft interim reports prepared?

Mr. Biddell: Oh, yes. I prepare several drafts before I prepare a final one.

Mr. Pope: Were any of them sent on to Mr. Lavelle or the government?

Mr. Biddell: Yes. I showed Mr. Lavelle the draft, I think the one immediately preceding this one.

Mr. Pope: When was that?

Mr. Biddell: It would have been very shortly before this one came out. I cannot remember precisely.

Mr. Pope: Would late December be correct--before you went away?

Mr. Biddell: Well, no, I was here during all of December and January, but it would have been before I went away. I did not go away until the end of January.

Mr. Pope: In December, the minister indicated the report would be finished within a couple of weeks. At the time he made that statement, is it possible Mr. Lavelle would have received a draft interim report?

Mr. Biddell: It is possible.

Mr. Philip: To get back to your initial instructions when you were asked to do the review, would you mind going over again with us exactly what your instructions were? I recognize you said you are going to table the letter, but from your recollection--you mention the word "divestment."

Mr. Biddell: Yes. At that time, and there has been, right from the time the Ontario Development Corp. stepped in and IDEA was dismantled, which was about June 1986, "What are we going to do with this investment portfolio?" There was a good deal of discussion; in each of the first two meetings I had with Mr. Lavelle, he was very interested in whatever advice I could offer as to how the government was going to get out of these investments.

When I found the position that IDEA had gotten itself in, that is, being a minority shareholder with relatively ineffective shareholders' agreements to protect it, I could see very quickly it was going to be a very difficult thing for the government to get out. In my interim report, I have said I do not think it practical or I do not think it makes sense for the government to dump these things or to take extraordinary measures to get out. They would only be damaging whatever chance of success the subject company still has.

Mr. Gillies: Could I have a supplementary?

Mr. Philip: If I may just follow up this, then Mr. Gillies can go ahead.

What I hear you saying is two things pulling in opposite directions. One is essentially the instructions, "Oh, my goodness, look at what they have done, let us get rid of anything we can get rid of," and you saying: "Maybe that is not such a good idea. Maybe we have to go slowly, because if we do dump everything, then we are going to lose a lot more than we will gain. It is premature to simply divest." Is that--

Mr. Biddell: No, sir. I think the first half of your comment overstates the facts, as far as I am concerned, in any event. Certainly the ODC staff, who were now charged with this, wanted to realize on these investments, but I did not sense any great concern to just get rid of them at any cost. They were looking to me for advice as to what would be the best way of winding these things down.

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Mr. Gillies: By way of supplementary, if Mr. Philip will allow it: This is particularly interesting testimony, Mr. Biddell, because at no time has any representative or spokesman for the government revealed to this committee that, in fact, the marching orders were to divest of the portfolio and to wind it down, so I want to be very clear on this.

The suggestion that this was part of the direction of your work came from the deputy minister to yourself? The idea originated within the ministry that, in fact, the policy was going to be to get rid of these IDEA investments?

Mr. Biddell: No, I do not think that fairly states the case, so far as my knowledge is concerned. Clearly, the government at that point had \$30 million to \$40 million invested in these companies. It really had very little effective control machinery over what was happening to that money, and it was hoping to work the thing out in the most effective fashion. Here we had a new group completely taking over responsibility for these investments, a group that had no association with creating them. Obviously they wanted to do the best job possible, and I was asked for my advice.

Mr. Gillies: Can we clarify this, though, sir? The only thing I am unclear about is where the suggestion originated. Was it the ministry saying, "Part of your focus should be looking at divestment or winding down," or was it among your suggestions back to the ministry?

Mr. Biddell: Oh, no. It was from Mr. Lavelle.

Mr. Philip: That is interesting. I want to take one step back and look at the minutes of the meeting of the board of directors of IDEA Corp. held on May 7, 1986. Basically, on page 2--and I am sorry I do not have an extra copy for you, but I will read it verbatim--it states:

"Mr. David MacKinnon reported on the status of the transfer of the corporation's operations to the Ontario Development Corporation. He stated that discussions are at an advanced stage with Mr. Geoff Cannon and Mr. Daryl Logan to continue to manage the existing portfolio on behalf of the government of Ontario."



Then it goes on, further down: "Mr. MacKinnon replied that even though other companies might be interested in bidding for the management of these investments, the prime criteria at this time are to maintain continuity"--and this is the key phrase, I think--"and to manage and divest ourselves of the investments in the most orderly way possible...."

That seems to me to be a fairly clear objective then, that the intention of the government was to manage them in the short term but divest them as quickly as possible. Is that not the reading you would get out of those minutes?

Mr. Biddell: I did not hear the words "as quickly as possible" in the minutes when you read them. I may have missed them.

Mr. Philip: Well, "in the most orderly way possible" sounds to me like you are going to do it as expeditiously as possible.

Mr. Biddell: I have had a great deal of experience in my professional career as a liquidator, and sometimes liquidations took years if you were going to do it in an orderly fashion and looking to obtain the best possible result.

Mr. Philip: Then maybe you should look at the next part of the sentence, which reads, "and that Management Board could waive the requirement to tender." Does that not suggest in itself a certain amount of haste in getting rid of the portfolios?

Mr. Biddell: No, not at all to me, considering this is--

Mr. Callahan: Mr. Chairman, where is Mr. Philip reading from? Perhaps he could provide a copy for us and also for Mr. Biddell if he is going to be questioning him on it.

Mr. Philip: I am reading from the minutes of the meeting of the board of directors of IDEA Corp. on May 7.

Mr. Callahan: I wonder if a copy could be made available to Mr. Biddell.

Mr. Philip: Not while I am using it. I will make it available to him later.

Mr. Callahan: In fairness to the witness, he should have an opportunity to see the whole thing.

Mr. Chairman: Mr. Biddell has not registered a concern, so we will proceed until he does.

Mr. Philip: You see, I read that as fairly clear. It seems to me from those minutes that the marching orders were, "Get rid of the portfolios, and it is of such concern that we get rid of them, it is even to the point of waiving the requirement of tender."

Mr. Biddell: No doubt it is the result of what I learned when I became involved. I do not read it that way. Mr. MacKinnon was very aware of the problems at that time. I met with him at the same time I first met with Mr. Lavelle. He was aware of the problems. Really, what they had to sell were minority positions with ineffective shareholders' agreements. To put them out

for tender, you would have got nothing worth while. That, I believe, would be the reason why the suggestion that the requirement or that the need to tender these be dispensed with, because that is the only thing that made sense.

Mr. Philip: You mentioned earlier about the haste with which you had to deal with this matter.

Mr. Callahan: Mr. Chairman--

Mr. Biddell: I don't recall that.

Mr. Philip: You used the word "haste."

Mr. Biddell: I am not sure in what context I used it. Nobody was pushing me, if that is what you mean. No one was pushing me to get on with it.

Mr. Philip: Did you feel you had adequate time to move?

Mr. Biddell: Indeed I did.

Mr. Philip: Did you feel that the Ontario Development Corp. had adequate time when it took over the portfolio?

Mr. Biddell: I never heard that anyone was pushing them to dump these investments. There has never been any suggestion of that by anyone with whom I have worked.

Mr. Philip: Let me read to you Mr. Cannon's testimony of March 26 before this committee, the morning sitting. He said:

"Let us put it this way. The ODC, in my view, was really not geared up to take on the whole IDEA portfolio, and to get hit with that entire portfolio, knowing what Daryl and I knew about the portfolio and the ongoing requirements, is a pretty stiff order."

He basically states that he did not figure that ODC was prepared to take that on, so large an order and so quickly. Is that not your reading of that?

Mr. Biddell: That is not my reading. My reading of that was he would recognize what a problem they had on their hands, and it was not something you could just dispose of quickly. Having the benefit of hindsight, that is the way I would interpret that remark.

Mr. Philip: "To get hit with that entire portfolio," used in that context, he is not talking about the divestment. As I read it, it is talking about the understanding of the whole portfolio, whether you divest or manage it or whatever; that the job was too big for you all at once.

Mr. Biddell: He is entitled to his own opinion. Based on the record of Mr. Cannon as I saw it, and the record of the ODC officers as I have seen it, I would take the latter any time.

Mr. Philip: I wonder if I can ask you about one of the portfolios, Ventura Technologies. Did you at any time put into your report any comments on Ventura?

Mr. Biddell: No, I have not done so yet.



Mr. Philip: So you have not made any recommendations as of this date on Ventura?

Mr. Biddell: None.

Mr. Philip: I guess then you are probably not in a position to comment on this letter from Mr. Peter Whitehouse to Mr. O'Neil dated June 22. It would be interesting if you at least had some time to look at it and make some comments, either now or at a future time.

In the fourth paragraph he says, "After all the accounting, for the receivership and asset recovery, is complete, ODC will be digging into your Treasury for \$237,000-plus, in order to write off a \$250,000 loan for a total loss of \$487,000."

It is not really clear to me where that \$237,000-plus figure comes from. I am wondering if you have any insight into that portfolio and could at least give us your view of whether or not the allegations made by Mr. Whitehouse would be accurate or not.

1040

Mr. Biddell: I am afraid I cannot. I know the name Ventura, of course. It was on the list. I am sure I read a little bit about it in the files last fall, but I have done nothing on it since, and I am really not in a position to comment on this letter.

Mr. Philip: Do you have any insight as to why the Ontario Development Corp. decided not to have Mr. Cannon and Mr. Logan involved in the portfolios, or overseeing at least parts of the portfolios, since they were familiar with them?

Mr. Biddell: No, I do not know that. I believe, I am pretty certain, those discussions took place before I came on the scene. I was told that those people had gone elsewhere. I never had any discussions with ODC about them.

Mr. Philip: In going through the documents that you would have had to go through, you did not come up with any stated reasons as to why this change took place.

Mr. Biddell: I did not come up with any stated reasons in any of the documents, but I did have the opportunity to examine some of the work in the reports Mr. Cannon had done in connection with Graham Software. I think I can fairly say that had I been in the position of ODC in deciding whether they wanted to use Mr. Cannon to continue to monitor these and to assist in them, I would have decided not to do so.

Mr. Philip: Are you suggesting his decisions were not sound ones?

Mr. Biddell: That is correct.

Mr. Epp: Mr. Biddell, I appreciate your being here this morning, and particularly, your coming on such short notice because I realize you are a very busy person.

With respect to the mandate given you by the government, I just wonder whether you want to clarify it as it relates to the IDEA Corp. I know you spoke of it earlier. First of all, as I understand it, you were asked to

investigate the complete IDEA portfolio which would involve an expenditure of somewhere between \$30 million and \$40 million and involved a good number of firms.

Mr. Biddell: That overstates the case a little bit, as to what I was asked to do. I was asked to make a review of the IDEA Corp. and the manner in which it had functioned and to review its portfolio. I was not asked to make a complete investigation of every investment it made. Immediately subsequent to the submission of this interim report, I was asked to look in a detailed way at the still active accounts. In my view, that is the most specific and correct answer I can give.

Mr. Epp: Is this uncommon whereby a person gives a report and the recipients of that report find not all the questions have been answered to their own liking, or they may have other questions that obviously have not been addressed, and to get a complete report they ask that additional work be done on the portfolio?

Mr. Biddell: Oh, sure. That is not uncommon at all, in my experience.

Mr. Epp: I got the impression earlier that some people thought you should--

Mr. Pope: --any more on Wyda and Graham Software. He already testified he was finished that work. You guys hid it. That is what you did.

Mr. Gillies: You swept it under the rug, that's all.

Mr. Epp: I got the impression earlier that some people felt you should submit your report even before it was finished.

Mr. Biddell: Not at all. As far as I was concerned, unless the government wanted me and was in the position to enable me to make a detailed review of the still active accounts, this was my report. As a matter of fact, when I submitted the draft to Mr. Lavelle, I specifically asked him the question, "Would you like me to do more work?" He came back to me almost immediately and said, "Yes, we think we would."

Mr. Epp: So that, obviously, there were questions that needed to be answered, as far as the government was concerned and the people of Ontario were concerned, and they wanted to get those answers.

Mr. Biddell: That is correct.

Mr. Epp: How many different portfolios did IDEA Corp. have?

Mr. Biddell: To be specific, there were 33 at the time I became involved.

Mr. Epp: So it is not something you could do in just a very short period of time, in looking at the most pressing ones and also additional ones. I mean 33 different portfolios is not something you do in a day or two, speaking with the people and so on.

Mr. Biddell: Heavens, no.

Mr. Epp: So it was quite an exhaustive study you were asked to do.

Mr. Biddell: That is right. When I took the job on, I did not really



expect that I would be asked to examine in a detailed way every investment they had made. Subsequently, and at the time I submitted this, they said, "We would like you to look at all the remaining active accounts."

Mr. Epp: As I understand it, it is not uncommon for people to get an interim report, as you got, and then to say: "Obviously, there are a lot of questions that are unanswered. We need the answers to those." You felt that your earlier mandate had not included additional work and now you were asked to do additional work on it.

Mr. Biddell: I think that fairly states it.

Mr. Callahan: Can I have a supplementary?

Mr. Philip: Could I ask a supplementary?

Mr. Chairman: No. We already have a request for a supplementary.

Mr. Callahan: Mr. Biddell, you have indicated to us that you reviewed the shareholders' agreements and made a determination that, because IDEA had a minority position in each one of them, it was difficult to secure any type of information. Was that made prior to your interim report or was that made subsequently when you were asked to continue to look into the matter?

Mr. Biddell: No. I knew that virtually from day one. The first thing I looked at when I got there, because it was right on the table, was what they were going to do about Graham Software. At that point there was a demand to put up a great deal more money or else sell Graham's only asset of any consequence. A decision had to be made by midnight. That was the sort of thing the ODC staff were faced with.

I immediately looked at the shareholders' agreement and then I started looking at others. I could see, within a matter of a few days of being there, that IDEA had got itself locked into these investments.

Mr. Callahan: Was that the gist, basically, of your interim report, the shareholders' agreements and the difficulty the government would have with IDEA being in a minority position?

Mr. Biddell: Yes. My interim report dealt, in a reasonably specific way, with Wyda and Graham Software but the great part of my report was to explain, in my view, why the government found itself or why IDEA found itself in this position and how it should avoid doing so in the future.

Mr. Philip: Can I have a supplementary?

Mr. Chairman: Mr. Epp? It is your time.

Mr. Epp: Sure.

Mr. Philip: I guess I am puzzled. If you cannot finish your final report because you cannot get the information from certain companies because of the minority situation, then how can we ever expect a report? It is kind of the chicken and the egg. What are you doing then? If you cannot get the information, why a final report?

Mr. Biddell: The ODC monitors the people who are nominated. Government directors on board are trying to persuade their fellow directors

and the majority shareholders that it would be in their interest, as well as in IDEA's interest, that an independent person make an examination of its affairs, to some extent, and that is the role I have been asked to take on.

I was advised on Monday, or it may have been Tuesday, that they now have got the consent of one company, which I am going to get at right away, and they expect a number of others very soon.

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Mr. Philip: What would be useful, then, in order to come to grips with it, would be if you were to take the list--unfortunately, this report does not have pages--but the list of the schedule of equity investments and outstanding commitments for the IDEA Research Investment Fund Inc., then take the schedule of equity in schedule 2, which lists another set of companies, and advise us of the status of your investigation on each of those companies.

We have got the list but, as you talk around, saying that some companies are providing information and some are not and you have not started this investigation, it is all very fuzzy out there. You could do them one by one, I am sure, and report back to us exactly what the status is on each of them, including whether you are not going to do anything on some of them.

Mr. Biddell: No. I could do this very quickly, sir. At the moment, subject to the one company--I think it is Telemus Electronic Systems Inc., and I was advised it was prepared to have me go in and talk with the people there and see what might usefully be done--I have not done any work on any of the companies, except Wyda and Graham Software, other than to read analyses of their affairs that were prepared by ODC staff, who are now responsible for monitoring them.

They are long memorandums, I have read through them all, but all these companies are quickly spending whatever funds they have, and the need is to determine whether they have a reasonable chance of becoming viable, whether they merit further assistance. The government, in my view, is in no position to make a sensible decision on that score until we get additional information. I can look at that whole list and tell you that I have not had any discussions with the principals of any of those companies.

Mr. Epp: I think I want to go back because I am losing my time quickly. Mr. Philip is going to get 30 to 35 minutes and I am going to end up with about five or 10, which is not quite fair.

Mr. Biddell, I want to go back to a comment you made earlier when you indicated you would prefer the ODC record to Mr. Cannon's record at any time. Do you want to elaborate on that a little? I am concerned about the portfolio as it now rests with ODC. There was a feeling the government had that the portfolio, as it was addressed by IDEA, was not being addressed as well as it should be to protect the public interest and a feeling that ODC, of course, is doing a better job of that. You alluded to it earlier, and I wondered if you wanted to elaborate on that.

Mr. Biddell: I do not want to do anyone a disservice. I have never met Mr. Cannon. The only thing I have reviewed in a reasonably detailed way is the manner in which he conducted himself and monitored the Graham Software situation. Based on the material I read, based on his report, the government, in March 1986, put another \$1 million into that company, and that was not justified. His report, in my view, was misleading. I am not saying it was deliberately misleading, but it was inadequate.



Perhaps I was not entitled to have made the remark concerning his capabilities that I did, but having seen that performance and having been very close to the ODC people who are attempting to deal with this overall problem, I would sooner take the latter than his.

Mr. Epp: Without being specific about individuals, would you comment on the general approach and competence of the IDEA people, as opposed to the ODC, based on your experience of these portfolios?

Mr. Biddell: I certainly want to be fair to everyone. The basic problem here was that the government and IDEA Corp. did not make any reasonable provision when they made investments as to how they were going to get their money back.

This is really a factor of commercial law in this country. If you are going to go into business, if you are going to make a minority investment in a company, unless it is a public company that has a competent board of directors and competent management, you are very foolish to do so, unless you have a very sophisticated shareholders' agreement that sets targets that the company must meet and, if it fails to meet them, gives you the right to go in and take control. That is the only way you can sensibly make an equity investment in a minority position in a private company, and that was not done.

I may say that an awful lot of people make that mistake, but this has been my business life, dealing with these situations. I have made investments in minority positions in private companies myself, but they are with friends and I also have a very sophisticated shareholders' agreement. This was not done in the case of the IDEA Corp.

I think there are extenuating circumstances. Basically, this was a job creation program. The government was trying to assist in creating and maintaining jobs. I believe that is a role that government must carry out because the private sector is not interested in doing it. We all think that unemployment is the responsibility of government, not ours. It is not the responsibility of me as a businessman or me as a consumer. It is just the government's job.

Mr. Epp: But even if you are trying to create jobs, Mr. Biddell, you still must protect the public's investment.

Mr. Biddell: Indeed you must.

Mr. Epp: What you are saying is that based on IDEA's performance, the public purse was not adequately protected by the kind of goals that should be set and by the kind of monitoring that should be done before you extend additional grants.

Mr. Biddell: That is my opinion.

Mr. Epp: In looking at some of the portfolios that IDEA had, when did these problems start?

Mr. Biddell: IDEA Corp. was only in business for a fairly short time. In the first year and a half of its existence, it made scarcely any investments at all.

Mr. Epp: They started in 1981 I believe. I know it was announced in 1981 but whether they actually started--

Mr. Biddell: I want to be very careful on dates.

Mr. Pope: IDEA was never functional until late 1984 or 1985.

Mr. Biddell: Yes. It was 1985 before they put out any amount of consequence at all. It was virtually all done in about a 20-month period, almost immediately prior to the thing being taken over by ODC. The people who were there--and I suppose that must have applied to the board as well--did not understand that if you are going to put money in a minority position in a private company, you better have a pretty damned good agreement or you are going to get locked in.

Mr. Pope: Could I have a supplementary?

Mr. Chairman: Just a short one.

Mr. Pope: Do you realize that Blake Cassels of Toronto was the firm that developed all these agreements as corporate solicitors for IDEA?

Mr. Biddell: Since I read a great many of the agreements, of course I do.

Mr. Epp: You looked at Graham Software as one of the portfolios. Did you reach any particular conclusions with respect to Graham Software?

Mr. Biddell: Indeed I did.

Mr. Epp: Would you tell us what some of those were?

Mr. Biddell: I felt that the management of Graham Software found a great deal of money available to them. They got that on the basis of putting forward what was a sensible project, but they did not attempt to carry it through in any worthwhile fashion. They spent money like it was going out of style. They never did anything constructive that I could see. They managed to get more money based on a report that was very much less than adequate and then they fought a rearguard action to try to criticize the government for their own shortcomings.

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Mr. Epp: We heard Mr. Graham testify that the government is responsible for their going into receivership and so forth, bankruptcy, because it did not extend more money. Had you been in the government's position, would you have given them an additional \$1 million or \$2 million, which they thought would then have given them their Utopia and they would have been able to make all kinds of money for the people of Ontario and the total investment that the government made would have been protected?

Mr. Biddell: I would not have dreamed of doing so and I advised the people at ODC that they should not consider it either.

Mr. Epp: So from your standpoint, the decision that ODC made not to extend additional money was the right one?

Mr. Biddell: Indeed.

Mr. Callahan: By way of a quick supplementary, you made the comment about the shareholders' agreements being drawn in such a way that they created a minority position for IDEA.



Mr. Biddell: No. IDEA made an investment in a minority position in common or preferred shares. Then there was a shareholders' agreement which had a lot of the usual boilerplate but nothing really effective in it, in terms of how are you are going to get your money back if the thing does not work out.

Mr. Callahan: I just want to clarify something you said. You said it is the position of the business world that government should create jobs. Recognizing that this money was being put out for that purpose, is that an unusual situation that they would find themselves in, a minority position? Surely the company is not about to give away the barn just because government is prepared to put in some money?

Mr. Biddell: No, not at all. I am certainly not critical, if I am entitled to be critical, about the government's going into job creation programs and taking minority equity positions. I think that is what they should do, rather than put money out at interest and take security on all the assets. I think they should take minority equity positions. That is the way to do it. But they should have effective shareholders' agreements so that if the majority owners and operators of a business do not perform in a reasonable fashion, then the government has the opportunity to step in. It is the latter that is absolutely essential.

Mr. Callahan: But is it not correct that the drafting or the clauses that would be contained in the shareholders' agreement would be directly proportional to the voting power that the minority and majority have?

Mr. Biddell: No, you cannot leave yourselves in that position if you are any kind of prudent investor. Sure, the government's main motivation here, in my view, was to create jobs, but these people were coming to government with their hands out. The government in responding, in my view, should always see that it has the means to call these people to account if they do not perform in the manner in which they have promised to do.

Mr. Callahan: You have had dealings with the former government, I imagine.

Mr. Biddell: I did work for them. Of this nature, I was chairman of the Inflation Restraint Board and that sort of thing.

Mr. Epp: Mr. Chairman, I know you, as well as everyone else, will be happy to learn that the Supreme Court has just ruled that Bill 30 is constitutional. That will deal with that matter for the time being, I guess.

Mr. Biddell, with regard to Graham Software, I wonder whether you can elaborate a little on the general reasons for the way that company went into bankruptcy, aside from not attending to the work. Can you be a little more specific?

Mr. Biddell: Graham Software never achieved any of the objectives that it set out to achieve and that Terry Graham undertook to the government he could achieve at the time the government put up its money. It spent money, I think, excessively in terms of what it got for the money it spent.

Then, when it needed more money, it came back to the government again in March 1986--I say the government, but it was IDEA--and asked IDEA to put up another \$2 million to purchase a system, which was a worthwhile system. But in the report to the IDEA board recommending that further loan, it was not disclosed that at that very time that Graham Software was on the ropes

financially and that a good part of this money, allegedly to purchase this new piece of software that would give it a new lease on life in business, was going to be needed just to pay outstanding bills. That should have been known to the directors of IDEA Corp. It was not related in Mr. Cannon's report to them. Certainly, even then it might have been a sensible thing for IDEA to put up that money, but it should have put it up on a secured basis at that point in time.

Mr. Epp: But even with the money Graham had to that point, they would not have got themselves in that mess in the first place had they operated within the kinds of bounds they should have.

Mr. Biddell: I think that is fair criticism.

Mr. Chairman: That is it, Mr. Epp. You have exhausted your time and then some.

Mr. Epp: It has just gone so quickly, Mr. Chairman.

Mr. Gillies: I certainly want to add my thanks to those of the rest of the committee, Mr. Biddell. Your testimony this morning has been most helpful. I think you are being completely candid with us, which is all the more enlightened because your testimony this morning convinces me that Mr. O'Neil and other spokesmen for the government have been materially misrepresenting this situation for some five or six months now.

Mr. Wildman: Less than forthright.

Mr. Gillies: Less than forthright is being kind.

You said that when you turned in your report, what you have referred to this morning as your interim report, on February 11, at the time you thought this was your report. I believe those are the words you used a bit earlier. You were subsequently then called by Mr. Lavelle and asked to do some more work. I just want to go back over this area with you.

In December, the minister, Mr. O'Neil, told the committee reviewing his estimates that he thought your work was almost complete and would be available within a few weeks. You turned in a report in February. At the time you turned it in, did you think it was complete? Did you think the work you had been asked to do was complete as of February 11?

Mr. Biddell: I stated earlier that I had given a draft to Mr. Lavelle prior to this being submitted. I asked him at the time I gave him the draft whether there was additional work he wanted me to do. I think Mr. Lavelle was--I know he was out of the country for quite a number of days after that in the Orient; I believe he was, at least. I had a great deal of difficulty getting in touch with him at that point in time. I did not know whether to put this in as an interim report or a final report or not to put it in at all. Finally, when I did reach him, he said, "Well, I think we will want you to do additional work, but let us have your interim report now," so I gave it to him.

Then within a matter of a day or two, he came back to me--or it may even have been David MacKinnon because the two of them were working very closely together--and said: "We do want you to provide additional information on these active accounts. Will you take that on?" I said: "Of course, it is just an



extention of the mandate; nothing more than an extention, certainly. I will do that as soon as it is practical to do it."

Interjection: May I ask a supplementary?

Mr. Gillies: I will ask one and then certainly supplementaries. I just do not want to break this chain of thought.

For you to have any doubt in February as to whether your work was completed or not takes me back to your original discussions with Mr. Lavelle and the letter from Mr. Lavelle when you started your work. The point is this: Were your original instructions to review Graham Software and Wyda or were they to review the entire portfolio? Your initial report dealt with only Graham Software and Wyda, so you see the conclusion to which I am jumping--I want you to tell me whether I am right or not--is that I guess the original discussions you had with Mr. Lavelle decided that the work was going to be done on Graham Software and Wyda.

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Mr. Biddell: No, as a matter of fact, in my discussions with Mr. Graham and Mr. MacKinnon and anybody else of the ODC staff, there were no instructions to me as to which accounts I should look at. I automatically got involved in Graham and Wyda because those are the things that were right on the front burner at the time I went in. I had no specific instructions as to the detail with which I should examine any or all of the accounts. That was left to my discretion. I was asked to make a review of the Idea Corp., of its investment practices and of its investments, and it was no more specific than that. No one ever directed me to Wyda or to Graham.

Mr. Pope: Can I have a supplementary?

Mr. Gillies: Yes.

Mr. Pope: I think it is fair, sir, to put it to you--I wrote down the comments you were making just about 15 minutes ago--that you said, "This was my report vis-à-vis the February 11, 1987, document," and you said: "I did not expect to do a more detailed review. I was subsequently asked to do a more detailed report."

Mr. Biddell: If that, sir, is precisely what I said, then I would ask you to allow me to clarify it in the manner in which I have just done. At the time I signed this report, I was aware that in all probability they would want me to do additional work.

Mr. Pope: Based on what?

Mr. Biddell: Based on discussions with Mr. Lavelle and Mr. MacKinnon.

Mr. Pope: When were those discussions?

Mr. Biddell: They were prior to February 11, 1987, which this interim report is dated, and they were confirmed very shortly thereafter.

Mr. Philip: Precisely what have you done since February 11?

Mr. Biddell: Very little other than many conversations by telephone or face to face with people at ODC to make suggestions to them as to how they

should persuade the majority owners of these companies they want me to look at in detail to allow me to meet with them.

Mr. Philip: Would you not agree that one possible scenario would be that on February 11 you table a report. You said that you were supposed to be looking at the whole portfolio, but somehow you deal only with two portfolios, Graham and Wyda. You table a report February 11 that is very damaging and then the government or somebody there panics and says: "Oh, we don't want to have that released. We better give you something else to do." Then you go out and you do nothing in the interim, holding up meanwhile even the interim report from public view?

Mr. Callahan: Would you like to say yes or no to that, Mr. Biddell, because I think--

Mr. Biddell: I, of course, can only answer based on my discussion with the government officials involved. I had no part or no discussion with anyone as to what the government might or might not do or when it might do anything with this interim report. I have reported here just exactly what my involvement has been in the affair, but I will add this, gentlemen. I said to the government at the time I submitted the draft here that if it wanted me to review the active accounts in a detailed way, which it subsequently has asked me to do, that I did not think that my comment on those active accounts should be a matter for the public record because that would be very damaging to the legitimate companies that were carrying on in business and trying to succeed.

"Furthermore," I said to the people with whom I was dealing at ODC, "in my view you have no right to put on the public record the private affairs of these companies where you have only a minority position. The shareholders' agreement you have does not give you any such right. Your representative as a director does not have you any such right. It would be both unfair and improper, if not illegal, in my opinion"--

Mr. Gillies: Well, Mr.--

Mr. Biddell: Please allow me to complete.

Mr. Gillies: Yes.

Mr. Biddell: --"to table on the public record the private affairs of private companies carrying on a commercial business in which you only have a minority position and do not have any such right to spread their affairs before the public."

Mr. Gillies: Mr. Biddell, this is most significant because it is another example, as far as I am concerned, of where the government has misrepresented this situation. You have offered your advice to ODC and the ministry as you just described it.

Mr. Biddell: Indeed, I have.

Mr. Gillies: So as far as you are concerned, with the companies you are beginning to review now, as long as they are active, the information should not be made public.

Mr. Biddell: That is my opinion.

Mr. Gillies: I think there is some sense to what you are saying. So



the information that in fact at this point could be made public by your submission was completed on February 11?

Mr. Pope: That is right.

Mr. Biddell: That is true.

Mr. Gillies: So, sir, I would say that you submitted your report fairly expeditiously, as you were requested by the government, on February 11. Did you at that time have any particular expectations as to whether it would be made public or not?

Mr. Biddell: I thought it probably would be.

Mr. Gillies: You thought it would be, and indeed, because the two companies with which you were dealing in that report are gone, the commercial integrity argument you have put would not apply, and in fact you would have had no objection from February 11 on to that report being made public.

Mr. Biddell: I would have had none.

Mr. Gillies: This is another point, sir. I do not think any of us want unduly to get into your personal situation, and I would not--

Mr. Biddell: It is all right with me.

Mr. Gillies: I would not raise this if it had not been used in a public forum by the minister and spokesman for the governing party as part of the argument that has gone on over the months, so I will raise this. The minister and indeed other spokesmen for the government have indicated that the report was delayed and not available to this committee in part because of your illness between the time the minister made his comments in estimates in December and the present. Is that true?

Mr. Biddell: That would have been true. I went in hospital and I had a cataract operation on December 3 and my wife would not let me move a muscle for a few weeks, so that is what happened.

Mr. Gillies: Quite rightly so and none of us would object to that. Would it be fair to--

Mr. Chairman: We have a request for another supplementary here.

Mr. Gillies: No, I am going to keep going, Mr. Chairman.

Would it be fair to say then--the operation was in December. Has your health been okay since February?

Mr. Biddell: Yes.

Mr. Gillies: So there has been no health impediment to delay any work being done from February to the present?

Mr. Biddell: No health impediment as far as I am concerned.

Mr. Gillies: In your testimony earlier, you indicated that one

company of the active portfolio has now given permission to be reviewed and that others are expected to give such permission in the near future.

Mr. Biddell: Yes.

Mr. Gillies: Can you offer any kind of estimate at this point as to when it--I guess I have to put it this way: If the government chose to ignore your advice about making public the information about the active files--just assume that for a moment--do you have any expectation as to when the work on the active files would be completed such that the government could make it available to the public? I would say it sounds to me like it is a bit on down the road.

Mr. Biddell: That is right. It would be a bit on down the road because if the companies have had no problems and are on the verge of success, that is one thing, but if they have problems, then we want to try to alleviate those to the extent we can and it is proper to do so.

Mr. Gillies: From February to the present, one company has given permission. I would not want to guess how many others are on the verge of doing so, but for all 20-odd to do so and for that work to be completed, we are looking possibly at what, a year, a year and a half, two years?

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Mr. Biddell: Oh, no, I would not think that, but I would think perhaps later this fall. If we found that there were no real problems, that is, they were good or they were bad, it might be done in six weeks.

Mr. Gillies: I thank you for your testimony. I think there are some very important points the committee has to take from this, this morning. As far as you are concerned, the work that should be made available to the public was completed in February. The work you are undertaking now, by your advice to the government, should not be made public.

Mr. Biddell: I am not in a position to subscribe to your opinion on what should have been made public. That is not a subject for me to comment on. I put in this interim report and I would have been prepared to see it made public. I would not have put it in if that were not the case. But as to whether or not it should have been made public--for all practical purposes, the part I was concerned be made public quickly was what was said about Wyda and Graham Software.

Inasmuch as the Provincial Auditor got this report as soon as I had completed it, if not even before it was signed, and I do believe they brought forward the information that was in it, I have not really been concerned that anything I had in this report needed immediate public airing. Quite frankly, the recommendations as to policy and so on are recommendations of my own and maybe they will not interest anybody else. I hope to see those put forward for public review at least, as quickly as possible.

Mr. Gillies: Actually, you raise an interesting point because at least part of your comments on Graham Software were made available to the auditor and were tabled as part of the written testimony before this committee during the review of that company's failure.

Mr. Biddell: That is my understanding.



Mr. Gillies: Was your permission asked for the release of that or was that done at the discretion of ODC?

Mr. Biddell: I do not really remember. I think it may have been discussed with me. Certainly, if I had been asked specifically, I would have said, "Of course."

Mr. Gillies: By your own testimony, if you had been asked if any of the information in your interim report should be made public, you would have had no objection to any of it?

Mr. Biddell: I would not have had any objection to any of it being released.

Mr. Gillies: I have just one other little series of questions on the question of wind-down, the question of divestment.

I am looking at testimony that was put before the committee by ODC at the time of our Graham Software inquiry. It was their credo, if you will, as to how they were going to proceed to look at this portfolio. The members may remember this speech Mr. MacKinnon gave: "Our purposes are both honourable and necessary...we are acting under direct instructions to"--treat--"the investments fairly, cleanly and efficiently." It was a bit of an opening statement.

There are six principles Mr. MacKinnon put before this committee as to what ODC was doing with this portfolio. I will not read them all to you, but it was their general philosophy in handling. Not one of the six principles mentions divestment or winding down. In fact, the first principle Mr. MacKinnon put before the committee was, "We are to preserve and enhance the value of the investments."

I want to be very clear that in your initial discussions and subsequent discussions with Mr. Lavelle, in fact, the question of divestment or wind-down was discussed and you considered it part of your work to look at that.

Mr. Biddell: What was discussed with Mr. Lavelle at that time and on a number of subsequent occasions was whether there was any practical and sensible way of divestment. In other words: "Can we sell this portfolio to someone else? Can we encourage someone else to come in and take over our position?"

Wind-down: If you apply it as, "Let us just get rid of it and let us close them up," it was never under serious consideration except when it became absolutely essential in the Graham and the Wyda thing and in a couple of other small ones that have happened since. But the ODC would dearly have liked to have got someone else to come in and take over the government's position, someone who might have been better equipped than the government to assist these companies to achieve their objectives. It was divestment in those terms that I discussed with Mr. Lavelle and Mr. MacKinnon.

Mr. Philip: I wonder, just to make it clear, if I may put one of Mr. Gillies's questions in reverse. Am I correct in hearing you say that basically there were not any reasons that you can think of as to why the interim report on February 11, 1987, should not be made public, but that there were substantial reasons why the next stage--namely, the investigation into active portfolios--should not be made public. Is that a correct--

Mr. Biddell: Yes, but I have been thinking about this, and the only reason I can think of that the decision may have been made not to make this public is the thought that perhaps during my investigation of some of the others we could possibly find things similar to Wyda and Graham that could quite properly form a part of a public report. That is the only thing I have been able to think about, but I have not been involved in any discussions as to why or when this should be released.

Mr. Philip: But no one from the government at any time ever presented that argument to you?

Mr. Biddell: No. It is just one that I, in thinking about it, dreamed up myself, whatever validity it has.

Mr. Philip: Are there any portfolios--and I do not ask you to name them, because I do not want to have a funeral here in the middle of the floor right now--but are there any other portfolios that you were suspicious of or that you think might well fall into that category of Wyda and Graham, in fact, that may not be active in three months and, therefore, that the report would be appropriate on?

Mr. Biddell: No. Before I released this, I went to each of the officers who were monitoring sections of the portfolio and I asked them specifically whether they had any accounts in which they had real concerns as to the propriety of the conduct of the majority shareholders and so forth that I should be looking at before this interim report went in. None of them brought forward anything that gave them real concern at that time.

Mr. Philip: Was one of those companies Ventura?

Mr. Biddell: I really do not remember. Really what I said was, none of those officers expressed any concern about the remainder of the portfolio, but there was one company that one of the officers had some concerns about, not in a detailed way, and he did not have any real foundation for it. I asked others about that particular company--I frankly do not remember the name of it at the moment--and they did not have any concern; so again, it was just a precaution I took before I completed this interim report and tabled it.

Mr. Philip: No further questions.

Mr. Callahan: Mr. Biddell, there are some 33 portfolios in the IDEA Corp. I gather they arose over a number of years in the past.

Mr. Biddell: Well, in about a 20-month period. The whole thing was put together in that period of time.

Mr. Callahan: Do I gather, then, that the gist of going in initially was to examine the equity position of these portfolios and also to examine the shareholders' agreements and what have you?

Mr. Biddell: Yes. Really, my understanding and my mandate was to determine what the government should do with what it inherited from IDEA Corp. and, incidentally, to comment on the manner in which IDEA had conducted its affairs and to make any suggestions as to how this sort of involvement by government in the private sector might be better conducted. That is the way I looked at my job.

Mr. Callahan: Being a neophyte here, I gather that IDEA was set up under the former government.



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Mr. Biddell: Yes.

Mr. Callahan: When you examined those, you then reported, I gather, to the government that, because of the minority position and because of the structure of the shareholders' agreements, there would have to be consents obtained from the majority shareholders to do anything further with reference to those items.

Mr. Biddell: Oh, yes. You know, I met with a problem on the very first day because Mr. Cass, the solicitor of the corporation, was heavily involved with Graham at that point, and one of the biggest problems was getting any information. Graham fought tooth and nail against the government's getting any information about what was going on.

Mr. Callahan: What I am getting at is that the purpose of the interim report was to explain to the government what the difficulties would be in terms of getting more detailed information.

Mr. Biddell: In a large measure, yes.

Mr. Chairman: That is the last question.

Mr. Callahan: I wonder if I could just have one more, Mr. Chairman. You gave the New Democratic Party two opportunities to speak.

Mr. Chairman: Make it very brief. We had an agreement here at 11:30. I will give you one quick question.

Mr. Callahan: Okay. I suppose, then, in a very real sense that you were waiting for this additional authority from the directors to be given to you to continue your work after the interim report. Is that correct?

Mr. Biddell: That is correct.

Mr. Callahan: The reason you say you addressed Graham Software and Wyda as being on the front burner was that you were aware of the press that was being stated in that and that it was a pressing item, I gather.

Mr. Biddell: Indeed.

Mr. Chairman: Thank you very much, Mr. Biddell. We appreciate your appearance before the committee and your testimony.

FUND-RAISING  
(continued)

Mr. Chairman: Item 2 on our agenda is the fund-raising event by the member for Huron-Bruce (Mr. Elston), and we have the Honourable Murray Elston present. Will you come forward, please? Welcome back to the standing committee on public accounts, in a different capacity. Do you have any staff you would like up front?

Hon. Mr. Elston: Right here. Thank you.

Mr. Chairman: Would you like to make any comments at the outset?

Hon. Mr. Elston: No. I am here because I have been invited to be here.

Mr. Chairman: We appreciate your appearance.

Mr. Philip: I have a copy of the invitation with what looks like the Ontario logo on it. Where was that printed?

Hon. Mr. Elston: It was printed at the print shop we had all the invitations printed at. It was the Liberal members' services print shop and we paid for overtime to have those things printed after hours.

Mr. Philip: Were the paper and all the costs of that paid for by the taxpayers or by you?

Hon. Mr. Elston: No, by me and the association.

Mr. Philip: Can you table with us invoices that in fact show that it was paid for by you?

Hon. Mr. Elston: I do not have those with me, but I will get those. They are available.

Mr. Philip: Which date were you invoiced for this?

Hon. Mr. Elston: I am not certain, but I will have the invoices for you.

Mr. Philip: Is it not normal that fund-raising events at least are printed, or political materials are printed by print shops outside of Queen's Park and not within the Queen's Park complex?

Hon. Mr. Elston: Not always, as I understand it, but it is usual that they are paid for by people from other than taxpayers' money, and that is what was done in this case.

Mr. Philip: Can you give us any examples where this has not been done before?

Hon. Mr. Elston: Where this has not been done?

Mr. Philip: Where this kind of thing has been done before?

Hon. Mr. Elston: No, I do not have any particular examples. I can tell you that we paid for it personally. It was not paid for by taxpayers' dollars, which is a real concern and I would not allow that to occur.

Mr. Philip: You mentioned that you sent out these invitations to a list and that anyone could obtain that list. Can you table the list with us as to who was invited?

Hon. Mr. Elston: I have a partial list of the people who were invited, but I can tell you how the list was put together, if you wish.

Mr. Philip: Would you do that?

Hon. Mr. Elston: Now?



Mr. Philip: Yes.

Hon. Mr. Elston: Okay. For instance, there is a brochure called the Ontario Hospitals Directory, which is available free of charge in the Ontario Government Bookstore. There is a list of drug companies that is available in the back of the Drug Benefit Formulary, which again is available at the Ontario bookstore. Telephone books and other lists of those sorts are where those names came from.

Mr. Philip: Can you tell us who prepared the list?

Hon. Mr. Elston: Yes. People working in my office on their off hours.

Mr. Philip: On their off hours.

Hon. Mr. Elston: Yes.

Mr. Philip: Can you tell us how it was mailed?

Hon. Mr. Elston: I am not sure what you mean.

Mr. Philip: Can you mail things on your off hours, for example?

Hon. Mr. Elston: Yes, I presume so. I think what you are talking about is the question of whether some were put through the ministry mailing machine and, in fact, there were some that were dropped off and processed. That was done on May 22. We found out about it on the same day, and I reimbursed those things. What had happened was that some letters were prepared and dropped and they went through with other mail, which was inappropriate. None of that occurred after May 22.

Mr. Callahan: Can I have a supplementary? What percentage of them were done that way?

Hon. Mr. Elston: I guess it is pretty easy to find out. I do not know the exact number, but there were about 100 letters, I think, that went through that way. I paid \$57.60 to reimburse for those.

Mr. Callahan: That was 100 out of what? Was it 1,000?

Hon. Mr. Elston: I think there were about 1,000.

Mr. Philip: On June 3, you stated: "I can tell the honourable gentleman that in the Globe and Mail of March 30, 1985, the Ontario Progressive Conservative Party is singled out as sending out election campaign material that appears to use official government stationery and envelopes and carries the signature of the Premier."

Hon. Mr. Elston: That is correct.

Mr. Philip: Is that your justification, then: that because the Conservatives have done something improper and inappropriate, therefore you are able to do something inappropriate?

Hon. Mr. Elston: There was nothing inappropriate at all. I bought the stationery, paid for the stationery, paid for the printing, paid for the postage and did it outside the office time. In fact, it was not inappropriate.

Mr. Philip: You do not see it as inappropriate that you invited people who are in fact making application to you for funding for beds, such as hospital administrators, and asking them for \$200 for your campaign funds? You do not see anything inappropriate with that?

Hon. Mr. Elston: It is very clear that it was an invitation to come to a fund-raiser. That was made exceptionally clear, and anyone is able to respond either favourably or negatively to an invitation of that sort.

Mr. Philip: But it is also very clear from the list that you just told us of that it was only people who were involved with or were relying on you as the Minister of Health who seemed to have been used as the basis for the invitations.

Hon. Mr. Elston: No, that is not so. I said I had a partial list and I gave you examples of the Ontario Hospitals Directory because that was a question that was raised with me before. There were others who were invited to attend: people from my riding, people who are architects, lawyers and other things, so your assumption is not accurate.

Mr. Philip: Sir, when I look at architects, I see people who are building hospitals. When I look at hospital administrators, I see people who are relying on you for funding. When I see dentists and doctors, then I see people who are relying on you for making decisions regarding their income. Is it not in fact true that a majority of the people who were invited in some way had some obligation or you had some obligation to them, that you in fact were in a power position over them? You sent out invitations to people who were basically relying on you for something in your position not as an MPP-- This does not say they are invited to come to a fund-raiser for you, the MPP; they are saying they are invited to come to a fund-raiser for you, the Minister of Health. Do you not see the distinction in that? Is it not true that a majority of the people in fact were people who were relying on you for grants and for funding or for favours of some kind in your capacity as Minister of Health?

Hon. Mr. Elston: No, that is not true. It is true that a large proportion of the people who were invited have a connection with the health system; that is true. But the question of reliance of people and the fact that you are trying to insinuate that they needed an attendance or appearance at my fund-raiser because I was going to give them some favour is inappropriate.

Mr. Philip: What percentage of the people who were invited would not fall under the category that in some way would be affected by you as Minister of Health, that would not be architects relying on contracts for hospitals, that would not be doctors, dentists, chiropractors relying on you for legislation affecting their profession and that would not be hospital administrators or boards of directors of hospitals relying on you for funding for beds? What percentage would not fall under those health categories?

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Hon. Mr. Elston: In the truest sense, there is no one in this province who does not rely on me to provide--

Mr. Philip: Stop playing games with me.

Hon. Mr. Elston: I am not playing games. Listen, anybody in this province is really very directly affected by the health system; there is no question about that. Architects do not rely solely on me to fund their



activities; lawyers do not rely solely on me to fund their activities. It is a system that is very broadly based, however. People of all walks of life serve on boards of directors of hospitals. People are very much influenced by the entire health care system. You know that.

Mr. Philip: I am not asking you for a list of who has an Ontario health insurance plan card. I am asking for a list-- Is it not true that a majority of the people who are involved were either architects who had some specialization in the building of hospitals, and in fact have been doing so, or in some other way, such as hospital administrators relying on you as the Minister of Health for grants for the beds and extra facilities they are asking for? Is that not true?

Hon. Mr. Elston: It is not true that those two groups make up the majority. I have said quite clearly that the people have a more direct interest than just a consumer of health products. That is true.

Mr. Philip: Is it not true that a majority of the people you invited were in some way related or involved directly with your ministry in a capacity of asking for legislation, for contracts or for extra health care facilities of some sort? Is that not true, those three categories?

Hon. Mr. Elston: I think that probably would be right, when you analyse it, that--

Mr. Philip: We finally got the answer. Fine, so that is true.

Hon. Mr. Elston: Everybody is looking for more of everything in almost every community.

Mr. Philip: William Somerville, one of the noted bag men for the Liberal Party, told the Toronto Star in March that these gatherings allow businessmen to tell their problems to politicians, who "tend to listen better when they know that money for the party is involved." Is that not the reason that you have "Minister of Health" on this rather than "Murray Elston, MPP"?

Hon. Mr. Elston: No.

Mr. Philip: Is that not the reason the majority of the people who were involved were people who are relying on you for some kind of favour as Minister of Health, or some kind of improvement in the way of funding, legislation or contract?

Hon. Mr. Elston: No.

Mr. Philip: Then why did you send it out to the health professions rather than out to lawyers or some other profession, trade union leaders or someone else?

Hon. Mr. Elston: There were others included, but I agree with you that the bulk of the people were more directly related to the health system than just someone who might be a consumer.

Mr. Philip: Would it not occur to you in some way that a hospital administrator who has been pleading with your ministry for beds, who has people lined up in the emergency wards of his hospital, who is turning away people for elective surgery might feel some obligation receiving an information like this to pay the \$200 and attend?

Hon. Mr. Elston: No, it did not, because I do not perform in that sort of sense. There was no indication that there would be a benefit bestowed or a punishment if people decided to attend or not to attend. They were totally free to accept or reject the invitation.

Mr. Philip: I can tell you that the administrator of my hospital, who has been asking you for beds, who on any one day has 50 people or more occupying beds who should be in chronic care, extended care or other types of facilities, found your invitation to be offensive. He said to me that he thought that, in his opinion, a number of administrators might feel intimidated. In his case he just felt anger, tore it up quickly and said he would not have anything to do with this kind of thing.

Hon. Mr. Elston: He felt no inclination to be involved in it, and I think that is his right.

Mr. Philip: He also said he thought a number of administrators would feel intimidated and feel obliged to pay the \$200. Do you not feel that that might--

Hon. Mr. Elston: Generally speaking, administrators are not the intimidatable type. They are very strong in their opinions about what has to be done for their hospitals. They are a very independent group of people. They report to the boards of directors and they are not intimidatable.

Mr. Philip: Do you not see that there is something basically wrong with your asking, as a minister who is in a position to give out favours, those people who are relying on you for those favours for money for your campaign?

Hon. Mr. Elston: We are not selling, and there was no indication of a sale of favours. That is not what that was about, and you know it.

Mr. Philip: You do not see it as a conflict of interest?

Hon. Mr. Elston: No, I do not.

Mr. Philip: I am sorry; I certainly do.

Mr. Chairman, I find it astonishing that what we have seems to be the most flagrant example of a series of abuses by this government. I am told of a lawyer, who in fact gave me a call the other day--

Mr. Epp: Can you document this, Ed?

Mr. Philip: We can document it if you want to. I am willing to say it outside, if you would like me to do so: lawyers being called in Ottawa for meetings with the Attorney General (Mr. Scott) at a price of \$200, fund-raising again. A lawyer in my riding said he got a call from somebody who said she was from the Liberal Party and who asked for a donation. He said, "Why should I give a donation to a party I don't support?" He was told: "You don't understand. You practise law in Ontario and the Liberals are the government." Do you agree with that kind of fund-raising technique, that kind of intimidation?

Hon. Mr. Elston: No, I do not agree with that. I do not condone that sort of stuff. The story is not one which can be supported. It just does not make sense.



Mr. Philip: What is the difference between that and your sending this to hospital administrators with "Murray Elston, Minister of Health" on it, rather than "Murray Elston, MPP"?

Hon. Mr. Elston: There is no intimidation in that. People, as you have already said, looked at it, tore it up and threw it away.

Mr. D. W. Smith: You would use your title too, if you had one, Ed.

Mr. Philip: I would not use my title in this way.

Mr. D. W. Smith: Because you have not got one.

Mr. Philip: The Conservatives had it and, at least to the credit of the Conservatives, none of the Conservative ministers ever used it in that way either. I do not know of any case of any Conservative minister who ever did anything this blatant, in terms of fund-raising. If anybody can produce a case of it, then I would like to hear it, because I know of no case.

The tickets cost \$200 per person. How much of that would the taxpayer pay for?

Hon. Mr. Elston: The credit is well known, I think. There is a 75 per cent credit for the first \$100 and 50 per cent of the second \$100, up to \$250, and then it is a third after that, I think. But that is well known. That is a rough--

Mr. Philip: It is 75 per cent up to \$200, so \$150 is paid for under the new act. So \$150 of that \$200 is paid for.

Hon. Mr. Elston: By way of credit through the tax system, that is true. In fact, the people who pay in about May will receive a credit on their 1987 income tax return.

Mr. Philip: So while the taxpayers are paying \$150, the person in fact still has to pay \$200 up front?

Hon. Mr. Elston: Yes.

Mr. Philip: You said anybody can attend--

Hon. Mr. Elston: Yes.

Mr. Philip: --to socialize with the minister, not with the MPP for--I forget the name of the riding.

Hon. Mr. Elston: It is Huron-Bruce.

Mr. Philip: But the invitations were not sent to anybody. They were sent primarily to people who had \$200, were they not?

Hon. Mr. Elston: That is true, but it was well known it was a very publicly available sort of invitation. In fact, we received calls--

Mr. Philip: Of course you were flooded with calls from ordinary Ontario health insurance plan payers who wanted to hand you \$200.

Hon. Mr. Elston: We were in fact requested to send out extra

invitations by people who were not on the original list.

Mr. Epp: Even the media were there.

Mr. Callahan: So was Dr. Scully, and he is not exactly--

Mr. Philip: I wonder if I can deal with the Scully argument, because that is one that your people seem to be using, that Dr. Scully was there. Do you not see the difference between a public figure like Dr. Scully or the head of a union or the head of a dental association, who might be expected and in fact probably does attend functions for all three political parties--or at least two of them anyway--

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Mr. Callahan: Are you not invited to them, Ed?

Mr. D. W. Smith: Now we know; you are jealous.

Mr. Philip: --and somebody like a hospital administrator who is relying on you for funding? Do you not see the difference in that?

Hon. Mr. Elston: Both those groups of people are very independent people indeed. They are very independent. Our system of health care is made up of a group of people who are independent and operate outside our influence.

Mr. Philip: Would you not agree that, as the head of an association, one expects to attend these functions but that it would come as quite a shock for a hospital administrator 200 miles from your riding to be invited to pay \$200 for your provincial re-election campaign?

Hon. Mr. Elston: I have been told, totally unsolicited, that is not true by people who have asked, in fact in prior months, that they be kept informed of any things we have in the way of activities to fund-raise for my re-election.

Mr. Philip: Maybe that indicates the degree to which they feel the system has been corrupted by you.

Hon. Mr. Elston: I do not think that is true. I think what they have said to me is that we have performed very well, we are a reform-minded group of people and we, as a party, and myself, as a minister, have moved things ahead.

Mr. Philip: This is not reform-minded, this is Tammany Hall. This is the old patronage system. This is everything that is despicable and that people hate about patronage-style politics. You should be ashamed of yourself, and the fact you are not ashamed of yourself quite frankly disappoints me, from my knowledge of you as an MPP before, in opposition. I think that if you were in opposition, you would be as upset and as horrified about this as some of the hospital administrators who received this patronage card.

Hon. Mr. Elston: It is not a patronage card.

Mr. D. W. Smith: What about your insurance letter, Ed?

Mr. Philip: Our insurance letter did not ask for money from anybody.



Mr. D. W. Smith: No?

Mr. Gillies: I wonder if I could refer to the invitation Mr. Philip had. About the invitation itself, as you have indicated to Mr. Philip, the front of the invitation shows the Ontario government crest.

Hon. Mr. Elston: That is true.

Mr. Gillies: Which is fine. I understand from earlier questioning an opinion had been asked from the office of protocol services as to whether that was appropriate or not--

Hon. Mr. Elston: That is true.

Mr. Gillies: --and they had said yes. Was the nature of the event described to the protocol people?

Hon. Mr. Elston: Yes, it was.

Mr. Gillies: Do you recall who it was in protocol who gave the authorization?

Hon. Mr. Elston: I think it was a person by the name of Eckhardt. There was also someone--there are two places in protocol, one in protocol and one in visual use or something, I have forgotten what the exact title of the department was, but both were asked with respect to that.

Mr. Gillies: You open the invitation then, and the invitation is to a fund-raising cocktail reception for the Honourable Murray Elston, MPP.

Hon. Mr. Elston: You open the envelope, which has in it, among other things, the invitation plus return envelope.

Mr. Gillies: Maybe you could elaborate on this; this is one of my concerns. The invitation does not mention the fact that it is a Liberal Party function.

Hon. Mr. Elston: No, but the return envelope, which is available--when you open the envelope, the material inside has a return address envelope which, even before you open up the invitation, shows the return is to the Ontario Liberal Party.

Mr. Callahan: 10 St. Mary Street.

Mr. Gillies: The response then goes to Ontario Liberal Party headquarters.

Hon. Mr. Elston: Yes.

Mr. Gillies: And the cheque goes to headquarters, made out to whom?

Hon. Mr. Elston: To the Bruce riding association.

Mr. Gillies: This is what I am confused about. Where does it say in the invitation to whom the respondent should make the cheque out?

Hon. Mr. Elston: I do not know, actually.

Mr. Gillies: I am just not clear that people receiving this--after closely examining the contents of the envelope, they might divine that it is a Liberal Party fund-raising function. I do not see anywhere where it would indicate it is for your riding association or for your re-election bid. Some people might indeed divine that.

In terms of the lists, we would like to know a bit more about the lists that were used for the assembling of the invitation list. You have tabled with the committee the Ontario Hospitals Directory.

Hon. Mr. Elston: Just as one example.

Mr. Gillies: As one example. This is what I want to get at, because the Ontario Hospitals Directory, which is indeed a publicly available source of information that could be used for assembling invitations, lists the hospitals, their addresses and the administrators.

Hon. Mr. Elston: Yes.

Mr. Gillies: This directory, however, does not list chairpersons of hospital boards or board members.

Hon. Mr. Elston: That is right.

Mr. Gillies: I understand that such people did receive invitations.

Hon. Mr. Elston: They did, in fact.

Mr. Gillies: What list would have been used for the obtaining of that information?

Hon. Mr. Elston: I am not exactly sure how. Annual reports by the board chairman and things like that often are presented and I guess they were probably used, but if you wish me to, I can provide you more information on how those names were obtained.

Mr. Gillies: If you would, I think the committee would be interested to know if in fact the makeup of hospital boards across the province is on a published list that is available to the public.

Hon. Mr. Elston: The interesting thing is that there was and there is no ministry list available, which you had alleged before we had used, from which to assemble these names. All the stuff was done by people from my staff working outside office hours putting together the names.

Mr. Gillies: You are not saying there is not a list within the Ministry of Health of the chairpersons of hospital boards?

Hon. Mr. Elston: No, I suspect there is in fact, but it is not used for this purpose.

Mr. Gillies: Were any lists from within the ministry used?

Hon. Mr. Elston: None.

Mr. Gillies: Who put the work into organizing this particular function?



Hon. Mr. Elston: Mostly they were people--well, primarily two from my office and one from the Ontario Liberal Party. John Brookes, Martha Russel and a person by the name of DeGrandis from the Ontario Liberal Party were the co-ordinators of it.

Mr. Gillies: Who was specifically responsible for assembling the invitation list?

Hon. Mr. Elston: It was actually a collective operation, but those three people co-ordinated it and a number of people worked on putting together the list.

Mr. Gillies: So the makeup of the group was from your office and from headquarters--

Hon. Mr. Elston: That is right.

Mr. Gillies: --and that group collectively made the decision to include a number of health-care-type people in the invitation list.

Hon. Mr. Elston: That is true. The event, however, was of course sponsored by my riding association and it as well played a co-ordination role for this event, being in the city. It was primarily co-ordinated through the people I named.

Mr. Gillies: But it would not have been the Huron-Bruce people who assembled the province-wide invitation.

Hon. Mr. Elston: It is actually the Bruce riding association now, but the names were not assembled primarily by it, although there were people suggested from the Bruce riding as well.

Mr. Gillies: The staff people from your office who worked on the organization of this event--when did they do this?

Hon. Mr. Elston: Outside office hours.

Mr. Gillies: Outside office hours?

Hon. Mr. Elston: Yes. This is a voluntary type of activity.

Mr. Gillies: So they would in there evenings stuffing envelopes--

Hon. Mr. Elston: Yes. Sometimes weekends.

Mr. Gillies: --or doing whatever they had to do to get the event together.

Hon. Mr. Elston: Yes.

Mr. Gillies: Would they have been making physical arrangements for the function? Did they do that after office hours?

Hon. Mr. Elston: As I understand it, the activities were all carried on after office hours. I am not sure that contacting a facility would have been done after five. I do not know exactly what time, for instance, somebody at the University Women's Club would have been contacted. That I do not know.

Mr. Gillies: I guess we all know, because we are all involved in it one way or another, the organization of fund-raising events is fairly complicated.

Hon. Mr. Elston: Yes, it is.

Mr. Gillies: It takes numerous calls and numerous arrangements regarding catering and numbers, there is usually a cutoff point when you have to let people know people are coming and so on.

Hon. Mr. Elston: Yes.

Mr. Gillies: I put it to you that it would take a fair amount of staff time, and I would suggest to you that in order to reach a lot of the people you have to reach to put together such an event, you have to do it during office hours.

Hon. Mr. Elston: That is why there was co-ordination out of the Ontario Liberal Party as well.

Mr. Gillies: The whole question of the extent to which health care people were invited is one that I think troubles the committee, and as you can well understand, it is one of the major things that led to the request that you appear.

Mr. Philip, I think, has stated it very well. If I were an administrator of a hospital or an officer of an association which is dependent on your ministry for funding, do you honestly feel that when I receive an invitation from you to come and have cocktails for \$200, that in no way compromises me, as an invitee, or makes me feel pressured to attend?

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Hon. Mr. Elston: That is correct, and in fact Mr. Philip gave you one very specific example of where a person said he was not interested, and that is totally open for those people. It was also quite well known, from the questioning even before the event, that there was no requirement for people to be there to receive any favour, that this was not an event that was dispensing largess if you attended.

Likewise, they were publicly aware that there was no penalty if they did not attend. It was a free invitation and it was freely to be accepted or declined, as the person felt.

Mr. Gillies: I am not sure that is quite what Mr. Philip said.

Mr. Philip: It certainly is not.

Mr. Gillies: I will leave it for him to deal with that.

And yet, in the first article that raised this in the public forum, which was the Rosemary Speirs article of June 1, it said Miss Wilimovsky, the communications director of the College of Nurses of Ontario, in fact sent your invitation back with a note saying she disapproved of this type of fund-raising tactic. We hear of other hospital administrators and people around the province who were not happy. Have you heard directly from some of those people?



Hon. Mr. Elston: No, I have not.

Mr. Gillies: Has your office?

Hon. Mr. Elston: I am not sure that anybody has received a call on that.

Mr. Gillies: How much money did the event end up raising?

Hon. Mr. Elston: About \$55,000.

Mr. Gillies: In most of our ridings now, because of the election finance reforms, we are limited in our campaigns to about \$40,000 to \$45,000.

Hon. Mr. Elston: That is true.

Mr. Gillies: I would assume, like most of our associations, your association has some money on hand now.

Hon. Mr. Elston: Well, we had about \$11,000 before it.

Mr. Gillies: Okay. Is all the--

Hon. Mr. Elston: That is a rough figure. I am not sure if that is accurate to the penny, but it is a ball-park figure.

Mr. Gillies: That is okay, it is not important. Are all the proceeds from the event going back to your riding association?

Hon. Mr. Elston: Yes, but some will be allocated to the central party.

Mr. Gillies: Is it a 50-50 thing or just a--

Hon. Mr. Elston: I am not sure what sort of arrangement is made on that, but because there was considerable time put in by the party in helping to organize, it would be--I suspect it would be somewhere around 50-50.

Mr. Gillies: To what extent were you kept informed by the organizing committee, your two staff members and the two people from Liberal headquarters, as to the nature of the event, the invitation list and that sort of thing? Did they keep you fully briefed on what was happening with it?

Hon. Mr. Elston: I did not know every name that was on the list of invitees. Other than that, I knew the nature of the event because I supported the idea of having a fund-raising event as part of the role, I think, of all of us to do some fund-raising. But in terms of the exact details, I did not know at each time how many letters were being sent out, how many were sent out on May 22, until in fact I was told they had been improperly sent through the Ministry of Health and I reimbursed it personally by cheque.

I did know they were doing it. I did not know which people in my staff, for instance, were volunteering to do stuff after hours and on weekends to organize it. In general, they told me as events were moving along in terms of questions of location.

Mr. Gillies: That is generally in terms of the invitation list, the nature of the event. Were you aware of the extent to which people in the

health care field were being invited?

Hon. Mr. Elston: Not really. In a sense, as I said, I did not know how many invitations were being sent out or to whom, so I had no idea in the sense of what proportion or percentage of people were invited who are more directly involved with the system.

Mr. Gillies: Hindsight is always a wonderful thing for all of us, but had you known in advance the extent to which the recipients of these invitations were going to be in the health care field, would you have voiced any concern or misgiving about that?

Hon. Mr. Elston: I probably would have made it a much larger invitation list. The difficulty, I guess, in terms of holding these events is that there are only so many places that are of a reasonable size or of a size to accommodate a large number of people.

In terms of invitations, one thing that did surprise me was the number of people who phoned and said they would like invitations because they were not invited. That, in fact, broadened our list.

Mr. Philip: Do I take it, from your lack of contrition over it, that you are actually prepared to do this again?

Hon. Mr. Elston: We will be doing fund-raising again.

Mr. Philip: You will be inviting people, then, who are relying on you for funding or contracts or legislation, and you will be sending out to the same people, essentially, whom you have been sending out to until now.

Hon. Mr. Elston: I think there will be a general subscription for support. We probably will not send the same--

Mr. Philip: So you are not only not sorry for it, but you are planning on doing it again.

Hon. Mr. Elston: The political system requires fund-raising, and each of us, as a politician, does fund-raising somehow or other.

Mr. Philip: Sir, the political system does not require coercing or sending out invitations to people who are relying on you.

Hon. Mr. Elston: There is no coercion.

Mr. Gillies: I have just a couple more questions. Minister, I would not want you to feel singled out or victimized about this particular affair. I have to tell you that if this were an isolated instance, I do not think it would have caused such concern among members of the opposition. We are very concerned at what appears to be a developing pattern, and it goes right back to the Liberal Economic Advisory Forum, with business people being invited to that forum with the Premier (Mr. Peterson) at \$1,000 a head.

Testimony before this committee last year showed that Elinor Caplan had a fund-raising event and invited advertising companies that were contracting with her when she was in charge of that area of government. We had business people dealing with the Minister of Industry, Trade and Technology (Mr. O'Neil), the Treasurer (Mr. Nixon), the Minister of Transportation and Communications (Mr. Fulton) and the Minister of Consumer and Commercial



Relations (Mr. Kwinter) at \$200 a head.

We had the lawyers with the Attorney General, the thing Mr. Philip alluded to. Housing people were widely invited to a function for the Minister of Housing (Mr. Curling), and now we have yours. It is not your single event that causes the concern so much as the pattern. Do you not think it behoves a government which espouses the principles of openness, accessibility and so on to curb this type of fund-raising, if you will, even the appearance of an admission fee to ministers of influence?

You are a very powerful man in this province. There are any number of people out there who would like the invitation to sit down or to share a drink with you or Mr. Nixon or Mrs. Caplan in her past post. In view of this pattern, do you not see the problem we are trying to get at?

Hon. Mr. Elston: If there were no way of speaking to ministers other than to have a fee paid, I would think you are right, but the whole point of our administration has been to meet with people as requested, as much as we can. For instance, in the less than two years I have been involved, I am told that I have had over 900 meetings with people other than ministry officials or my people during the days we have been in government. Those are people outside the ministry seeking meetings. I have done that, and people know that when there is a problem or a concern, we make ourselves available to meet with them on that basis.

Mr. Gillies: That completes my questioning.

Mr. Epp: You have met with 900 different groups. Does that mean these people all gave donations to you and your association?

Hon. Mr. Elston: No.

Mr. Epp: Because that is the implication, that you will meet with them if they contribute to your campaign. What you are really saying is that you have met with 900 groups.

Mr. Callahan: Do you recall whether Jim Tory was there that night?

Hon. Mr. Elston: No, I do not, actually.

Mr. Callahan: You know who Jim Tory is.

Hon. Mr. Elston: Yes, I do.

Mr. Callahan: Tory, Tory, DesLauriers and Binnington?

Hon. Mr. Elston: Yes.

Mr. Callahan: It is reported by Rosemary Speirs, in the June 1 article, which says: "James Tory, chairman of the board of Hospital for Sick Children, says he'll give his \$200 to sip cocktails with Elston at the University Women's Club in Toronto June 15.

"'I feel no obligation to go whatsoever,' says Tory. 'If I didn't think Murray Elston was doing a fine job as Minister of Health, I would not attend. I also supported Larry Grossman, former Progressive Conservative Minister of Health, when he ran for the leadership. I would hate to see either one of them out of politics.'"

You do not recall talking to him?

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Hon. Mr. Elston: No. I think I saw most people, but some people came early and may not have come upstairs where we were. He may have been there, but I do not recall seeing him personally.

Mr. Callahan: Do you have a copy of the cheque, by the way, that paid for the stamps?

Hon. Mr. Elston: I do not have it with me, but I can make that available to you.

Mr. Callahan: What was the date of that cheque?

Hon. Mr. Elston: It was issued on May 22.

Mr. Callahan: I think the first time it was raised in the House was June 1, and the first press article I recall seeing was by Rosemary Speirs on June 1. I gather you were spoken to by Rosemary Speirs.

Hon. Mr. Elston: Yes.

Mr. Callahan: At the time she spoke to you, did she ask you about this?

Hon. Mr. Elston: Yes, she did.

Mr. Callahan: Had the stamps been paid for before that?

Hon. Mr. Elston: Yes.

Mr. Callahan: When she spoke to you and asked you about it, what did you tell her?

Hon. Mr. Elston: I said I had found out that there was, in fact, an error made and we corrected it.

Mr. Pope: When was the cheque cashed?

Hon. Mr. Elston: It was cashed on May 25. It happened on a Friday. It showed up in my bank book on the Monday.

Mr. Callahan: As well, you have indicated that the people who worked on the preparation of this worked outside of hours. Was it specifically indicated that was what they were to do?

Hon. Mr. Elston: This was a voluntary activity. It was not assigned to them as part of their duties in my office. Everybody knew it was to be done outside business hours.

Mr. Callahan: Mr. Philip asked about--I am not sure whether he was specifically zeroing in on the printing of invitations or whether he said, "Are there any other items that are printed by the Liberal print shop?" That is under the Liberal members service office, is it not?

Hon. Mr. Elston: Yes, but we purchased all the materials. They did



the printing, for which we paid. In fact, we had to pay overtime rates because it was done by them outside their business hours as well.

Mr. Callahan: You have documentation of all that, which you will provide to us.

Mr. Philip: I think my statement was, "Are there any other fund-raising events that were printed by the Liberal print shop, and is it not normal for political parties to have that kind of thing printed by the print shops away from the Legislature?"

Hon. Mr. Elston: I am not sure that is the case. I think the big thing we wanted to do was to make sure everybody knew we paid for it. It was not a government-funded activity. I was not getting a deal at the expense of the taxpayers. There was none of that at all. We paid for it. We paid for people to work overtime. We paid for all the materials.

Mr. Callahan: You have indicated as well that in addition to the book, which is somewhere here, that brown book, there were telephone books consulted.

Hon. Mr. Elston: Yes.

Mr. Callahan: Is there any indication of that? Were there photostats or anything of that nature taken that you are aware of?

Hon. Mr. Elston: Yes, there was a package of things people looked at in the sense of the names and lists and things, because they would take them out. It is much easier to deal with photostated pages or sheets.

Mr. Callahan: Is that available?

Hon. Mr. Elston: I think it can be.

Mr. Callahan: If it is, could you make it available to the committee?

Hon. Mr. Elston: Yes.

Mr. Callahan: Those are my questions, thank you.

Mr. Wildman: I want to make clear at the outset that I am not personally as concerned about printing or the error in mailing, the invitation, that sort of thing at all--I understand what you have had to say about paying for the stamps and so on--but I am very alarmed by the whole thrust of the testimony.

There seems to be a complete lack of understanding of why we are concerned about this. If I could explain for a moment why I feel that way, I think we would agree that, on the other end of the scale, as public persons, all of us, even back-benchers, are invited to things we would not be invited to if we were not members of the Legislature. I get invited to all sorts of events to which, if I were Bud Wildman, private citizen, I would not normally be invited.

Hon. Mr. Elston: That is correct.

Mr. Wildman: So there is this element of your public persona. I recall a discussion with a friend of mine, the late John Rhodes, where he was

complaining because he was having to attend a fund-raiser in Toronto at one point. I said, "John, you must feel good about getting all these invitations." He was a good platform speaker and so on. He said: "Yes, but they do not want to see John Rhodes. They want to see John Rhodes, Minister of Transportation and Communications," as he was at that time. That is what we are talking about.

In this case, it is not an invitation to you as Minister of Health to attend something because you are Minister of Health, but the other way around. You are inviting other people to attend a fund-raiser on your behalf because you are Minister of Health. That is what upsets us. The lack of understanding of that significance is what bothers me.

I submit that if you had another portfolio in the cabinet, for instance, if you were Minister of Education, the list would have been made up from a different set of books. In fact, you would have been inviting directors of education, chairmen of boards of education and perhaps contractors or architects who are known for their expertise in school construction. To suggest that is normal fund-raising practice is unacceptable.

If it were a random, ad hoc approach to a list, that is, you just invited acquaintances from all sorts of fields and there was no concentration in the health field, then I would not be upset. But what is happening here is that a group of people are invited to a fund-raiser for the Minister of Health when they know that decisions made by the Minister of Health will affect them materially. Frankly, to suggest that this is acceptable alarms me.

Since I have gone on at length, I would like to give you the opportunity to respond to that.

Hon. Mr. Elston: In my opinion, people knew very well that this was a fund-raiser. They knew they could say no to it. In fact, many did. Many attended, as well. I cannot say anything more than that.

If you are trying to say that I was telling people, "If you do not show up, I am not going to make a favourable decision in your case"--

Mr. Wildman: No.

Hon. Mr. Elston: You are not intending to say that then.

Mr. Wildman: I want to make it clear that is not what I am saying, that you personally were saying that.

Hon. Mr. Elston: Okay, because there is no indication of that. What we did was we made available, in the broadest possible way, an invitation to people. It became even more widely known, I guess, in the days following the invitation being made public through the newspapers. It was available. We had a number of other people who were also invited.

Mr. Wildman: The difference is this: I know you personally. A lot of the people who received this invitation do not. They received this invitation on the basis of your being Minister of Health, not Murray Elston, someone they knew.

Hon. Mr. Elston: A good number of these people do know me.

Mr. Wildman: Sure, but a number of them, you will admit, did not.



Hon. Mr. Elston: Not as well as someone with whom I have served for six years.

Mr. Wildman: How do you respond to my suggestion that, hypothetically, if you were in another portfolio such as Minister of Education, the list that would have been used would have been the booklet that is put out by the Ministry of Education of all the boards of education and the directors of education in the province?

Hon. Mr. Elston: I do not think that would have occurred.

Mr. Wildman: Are you saying, then, it was just a coincidence that you are Minister of Health and there was a list made up from lists of hospital boards and directors?

Hon. Mr. Elston: I guess over the course of a couple of years of activity, you do know and meet a lot of people. There is no question about that. After two years, I know people now as friends whom I knew not at all before. There is no question about that in the sense of knowing people and generally making available an invitation to people. We know those people much better.

A good number of people in the health care system are friends. We disagree. They know that and they understand that. We have very difficult meetings with people who represent associations and with people who represent funding interests in the Health ministry. But we do know each other, generally speaking, as friends and colleagues in planning and things.

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Mr. Wildman: I will just end it off by saying that on a personal basis, I have a great deal of affection for Mr. Elston, but I am very, very concerned about the tenor of the comments made this morning, not only by Mr. Elston but also by his Liberal colleagues, that this is just par for the course and this is the way things go and it is going to continue. It boggles the mind that there is such a lack of understanding as to why we are concerned about it.

Mr. Pope: To track one of Mr. Wildman's points and clean it up, you are not denying that in general terms any analysis of the invitation list would show that a substantial proportion had been mailed into the health care field?

Hon. Mr. Elston: No, in fact I said that to Mr. Philip.

Mr. Pope: Whose idea was this?

Hon. Mr. Elston: Actually, it sort of came through a number of people discussing activities at the association level and other places as well. It certainly comes down to me indicating that in fact there should be a fund-raising event.

Mr. Pope: Is it not fair to put on the record now that you are the unfortunate fall guy for what is a party-wide strategy?

Hon. Mr. Elston: I am responsible for entertaining the fund-raising--

Mr. Pope: You are responsible; I understand that. Is it not a fact

that you got direction from the Ontario Liberal Party to engage in this fund-raising activity in the same way it was decided that Mr. Scott would approach the lawyers, that Elinor Caplan would approach the contractors and that Mr. Curling would approach the people in the housing field? Is this not a Liberal Party strategy and you are the one who get caught?

Hon. Mr. Elston: In fact, in this case, this is not. I have a relationship with the party and in fact made use of its assistance in this, but I was not directed by it.

Mr. Pope: You never had a discussion with anyone at Ontario Liberal headquarters about this at its very point of germination as an idea?

Hon. Mr. Elston: That is right; I did not. In fact, when we were looking at this as an opportunity, really it came from speaking with people in the riding and people who make suggestions for me.

Mr. Pope: If the idea came from the riding, can you indicate to me why the riding is not mentioned at all in the initial mailout?

Hon. Mr. Elston: The big reason, I guess, is that it was sort of overlooked in one way by the fact that it was being co-ordinated down here, and sometimes people removed from the riding--

Mr. Pope: Is it not fair to say that the cheques were made out to the Ontario Liberal Party? Will you not admit that?

Hon. Mr. Elston: Some may have been. I do not know that because I have not seen them all, but probably some were.

Mr. Pope: That is the reply envelope, the Ontario Liberal Party.

Hon. Mr. Elston: The reply envelope was to the Ontario Liberal Party; that is right.

Mr. Pope: I think most reasonable people, if they read the invitation and saw the reply card, in the absence of any other direction--

Hon. Mr. Elston: I think they probably would believe it would be the Ontario Liberal Party that was fund-raising; yes.

Mr. Philip: Are you suggesting that your executive in fact said to you, "Let's invite to our riding association fund-raising event every hospital administrator in Ontario and every chairman of the board of hospitals in Ontario?" Is that what you are saying came from your local riding executive?

Hon. Mr. Elston: No, I said that at the time we talked about this in terms of fund-raising, the suggestion that a fund-raiser be held was one that was done sort of as a collective exercise among people in my riding who are on my executive, myself and other people who are close to me.

Mr. Philip: Your executive said, "Let's hold a fund raiser, but instead of holding it in our riding or our association, let's go to Toronto--"

Hon. Mr. Elston: "Let's broaden it."

Mr. Philip: They suggested that.



Hon. Mr. Elston: They indicated we should have more broadly based fund-raising. If you have been to my part of the country, you will understand we have neither commercial transportation connections nor very good access at all in terms of holding a major event, which people knew there were a number of people wanting to attend. The idea of holding one in Toronto--it was a little more easily co-ordinated here.

Mr. Philip: Sir, I can tell you it would be very unusual for even my riding association in Etobicoke to hold a fund-raising event in downtown Toronto or even in downtown Etobicoke or anywhere outside the riding. I find it very unusual that your association would suddenly decide, "We want our fund-raiser in Toronto."

Mr. Pope: Whose decision was it to have it in Toronto? Was it suggested by the Ontario Liberal Party?

Hon. Mr. Elston: Again, it was suggested through the association and others that it be held here. I was not directed by the Ontario Liberal Party to have one here in Toronto.

Mr. Pope: By the way, I maintain that you are the victim of the whole thing. It is not something personal. I think this is a strategy of the Ontario Liberal Party. I know you will protect your party and I understand that, but that is my belief.

Did you have any fund-raising events in Toronto prior to 1985?

Hon. Mr. Elston: No.

Mr. Pope: I will show you your return. You were very successful in your own riding in raising funds in the last campaign; in fact, your total campaign receipts were \$33,902.17 and your expenses were \$30,655.98. So really in terms of your local fund-raising, you never had a problem raising money in your own riding from your own constituents.

Hon. Mr. Elston: It was very difficult in 1981.

Mr. Pope: It was difficult for me in 1975 and 1976. A new candidate always has difficulty raising money. The fact is that by 1985, your local fund-raising events were quite successful. In fact, you had a significant surplus running out of the campaign period when you add in the election expense contribution.

Hon. Mr. Elston: We are also very frugal.

Mr. Pope: Yes. The point I want to make is really in terms of your own use. You did not really need to hold this function in Toronto for your own re-election. You were very successful in your own riding.

Hon. Mr. Elston: We do a good bit of fund-raising activity as well and we have a very reasonable sort of exercise where from time to time people are asked to contribute, obviously, in the riding.

Mr. Pope: Has your riding association been reimbursed by the Ontario Liberal Party yet?

Hon. Mr. Elston: I do not know how these things are all set up in terms of details.

Mr. Pope: You will attend to it, I-presume, though?

Hon. Mr. Elston: I will now; I will take a look at it. I do not know exactly to whom everything went. I will ask the people who co-ordinated it.

Mr. Pope: Who did co-ordinate this for you? You are very busy, I know.

Hon. Mr. Elston: John Brookes and Martha Russel, as I said earlier, and a person from the OLP.

Mr. Pope: I am sorry. Where are they from?

Hon. Mr. Elston: They are both in my office.

Mr. Pope: Who prepared this invitation for printing?

Hon. Mr. Elston: I think it was probably a collection, but I presume John and Marty made some decisions about it.

Mr. Pope: What company did the layout, if you know what I mean?

Hon. Mr. Elston: I am not sure. I do not really know, but I know we made a payment for graphic work, so when I give you the invoices and stuff, I will be able to tell you more precisely.

Mr. Pope: The Liberal members services bureau is funded by the public taxpayer.

Hon. Mr. Elston: That is right.

Mr. Pope: As are all party service bureaus.

Hon. Mr. Elston: That is right.

Mr. Pope: What did you pay for the printing of this? What was the total cost?

Hon. Mr. Elston: The total printing and invitations, I think, was almost \$290.

Mr. Pope: How many invitations were printed; not sent, but printed?

Hon. Mr. Elston: I think they probably did about 1,000. I am not certain. I think that will become more clear when I take a look at all the invoices and provide them for you. Otherwise, I have no precise numbers, but I will get those for you.

Mr. Pope: Who made the payments for the wine?

Hon. Mr. Elston: For the wine?

Mr. Pope: Yes. Who paid for the wine?

Hon. Mr. Elston: I do not know.

Mr. Pope: Is that in your list of receipts now?



Hon. Mr. Elston: No, it is not.

Mr. Pope: Is it possible the Ontario Liberal Party paid for the wine?

Hon. Mr. Elston: I suppose it is possible. I do not know for sure, but I will ask that question.

Mr. Pope: I have some more questions, but everyone is busy, so--

Mr. Chairman: Our time is exhausted for today. I guess we are going to have to leave it in the hands of the subcommittee in terms of whether we wish to request that Mr. Elston appear before us again or whether we have exhausted the questioning. Obviously, Mr. Pope has some additional questions.

Minister, thank you very much for appearing before the committee.

Before we break, I wonder if I could receive authorization from the committee, in the event we do not have another opportunity to sit, for the chairman and the subcommittee to prepare a schedule for possible fall sittings of the committee. Are we agreed?

Agreed to.

The committee adjourned at 12:30 p.m.

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